FINANCIAL TIMES

No. 27,639 Thursday August 17 1978 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

12 over nuclear safety limits

Another nine workers at the Aldermaston atomic weapons research establishment have been transferred to radiation-free jobs, the Ministry of Defence said yesterday.

Three women laundry workers have already been transferred to radiation-free jobs, after it was discovered that they had accumulated levels of plutonium well above internationally recognised safety levels.

The Ministry of Defence has called in the National Radiological Protection Board, which has considerable experience in interpreting whole-body radiation measurements. Plutonium is the world's most deadly substance and can cause lung and bone cancer.

Mr. John Dunster, nuclear safety director with the Health and Safety Executive, said last night that the plutonium levels so far measured "do not seem to me to be something we should be worried about." Page 7

Salmon poison victim dies

One of the four pensioners poisoned after eating a tin of salmon died in hospital in Birmingham yesterday. An inquest will open today into the death of Mr. Jesse Farmer. The three other botulism victims are still in a critical condition in East Birmingham Hospital's intensive car unit.

The four were admitted to hospital 18 days ago after eating the contents of a tin of salmon. Thousands of tins of suspect salmon were later cleared from supermarket shelves and an investigation was launched to find how the salmon was contaminated.

PLO blamed

Iran has accused the Palestine Liberation Organisation of helping to foment the latest anti-government riots still flaring in several towns. In Teheran, troops with bayonets fixed patrolled the main bazaar after shopkeepers stopped work in protest at the 15 deaths in last week's riots.

Hangings delay

The Cyprus Supreme Court has deferred until September 30 the execution of two Palestinians convicted of murdering an Egyptian newspaper editor. The delay will allow their defence lawyer to appeal to President Kyprianou to commute the sentence.

Dental fees up

Patients' dental charges for routine treatment are to be increased by about 23 per cent, up to a maximum £5 from October 1 this year.

Memphis looting

Looting broke out yesterday during a two-hour blackout in Memphis, Tennessee, where police and firemen are on strike. The National Guard, which is enforcing a dusk-to-dawn curfew, says the blackout was apparently caused by sabotage.

Briefly . . .

Police sealed off part of terminal one at Heathrow yesterday after a man's body was found wedged in an air vent.

The Solomon Islands has applied to become the 150th member of the United Nations.

Talks on the Sunday Times dispute with members of the Society of Graphical and Allied Trades are to be held at ACAS today. Page 8

The U.S. balloon Double Eagle attempting an Atlantic crossing flew over the Irish mainland at 11 o'clock last night.

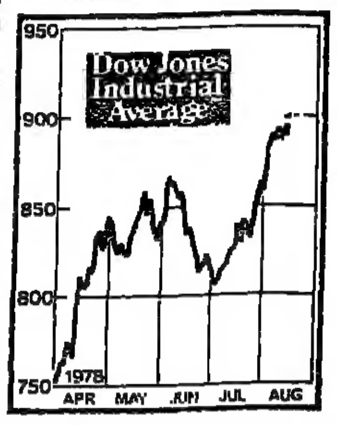
The U.S. House of Representatives has allowed women's rights groups another 39 months to try to get the Equal Rights Amendment inserted in the constitution. Page 4

A man wearing a gorilla mask and armed with a billhook escaped with about $8,000 after raiding a Japanese bank.

BUSINESS

Dow at new high; Gold up $1\frac{1}{2}$

● WALL STREET scored widespread gains in active trading in response to President Carter's concern over the dollar, and the Dow Jones average put on 7.45 to 894.58, a new closing high for 1978.



● GOLD closed at a record level of $214¼ in London—a rise of $1½—and in New York the Comex August settlement price was $212.00 ($212.60).

● EQUITIES recovered early losses on good news of Tube Investments half year figures. The FT Ordinary index closed only 1.2 down at 510.0 after being about 3 points off at 11 am.

● GILTS traded quietly and the Government Securities index eased 0.06 to 71.09.

● STERLING traded very erratically on the foreign exchange markets, and closed 20 points up at $1.9760. Its index fell to 62.6 (62.7).

● JAPAN'S trade and current account surpluses fell in July, and after seasonal adjustment Japan's basic balance was almost in equilibrium. Back Page

● U.S. COMPANIES operating in South African have been told by their Government that it is considering softening the embargo *imposed last February on the* supply of U.S. goods and technical data to the South African armed forces and police. Back Page

LoFs to receive £14m settlement

● LONDON & OVERSEAS Freighters is to receive £14m for its nationalised subsidiary Austin and Pickersgill. Back Page

● BARROW HEPBURN has been told by accountants Whinney Murray to expect pretax losses of £4.2m from its Glasgow hide-dealing subsidiary where detectives have been called in. Back Page

● DEPARTMENT of Employment is to ask Associated Television for details of the 253 per cent pay rise awarded to Lord Grade, its chairman and chief executive, following complaints by Labour MPs. Page 8. Meanwhile, BBC's managing director has said BBC-TV is losing staff because of its inability to pay them adequately. Page 6.

● BRITISH tourists spent more than £4.125bn on holidays at home and overseas in 1977, according to tourist board statistics. Page 7

COMPANIES

● F. W. WOOLWORTH has made up the £1m shortfall of the first quarter, and the half-year pre-tax profit is £1.66m ahead at £12.58m. Page 21 and Lex

● TUBE INVESTMENTS pre-tax profits for the first half of 1978 rose 15 per cent to £31.4m on increased sales of £445.4m (£398.6m). Page 20 and Lex

● NORTHERN ENGINEERING Industries has won a £4m turnkey contract for equipment for a new rail carriage factory to be built in Iran.

● UNILEVER is raising a $340m multi-currency loan to pay for its acquisition of National Starch and Chemicals Corporation of the U.S. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
British Aluminium	735	+ 25
Brown (J.)	489	+ 14
Fenner (J. H.)	169	+ 4
Newmark (L.)	215	+ 10
Tube Invs.	420	+ 8
Vickers	195	+ 5
Vosper	208	+ 18
Wales A	99	+ 39
Yarrow	290	+ 15
Consinc Riotinto	200	+ 6
Tronoh	270	+ 15
FALLS		
Abereom Invest.	112	− 13
Bell (A.)	288	− 6
Challenge Corp.	140	− 5
Inchcape	370	− 7
Jardine Matheson	293	− 13
Johnson Gp. Cleaners	99	− 61
L and P Poster	188	− 15
Melody Mills	97	− 6
Mills and Allen	180	− 9
More O'Ferrall	78	− 7
Mothercare	166	− 6
Racal Elect.	306	− 8
Ricardo	237	− 10
Sainsbury (J.)	225	− 8
Sedgwick Forbes	455	− 7
Willis Faber	275	− 5
Siebens (UK)	370	− 5
Blyvoor	373	− 11
Bougainville	135	− 5
Hartebeest	£15	− 1
Kinross	423	− 15

DOLLAR RECOVERS AFTER FLUCTUATIONS

President Carter holds talks with financial advisers

By David Buchan in Washington and John Wyles in New York

President Carter responded yesterday to the gathering sense of crisis in the foreign exchange markets by calling on his top finance advisers for recommendations to strengthen the ailing dollar.

Alarmed at the intense selling which has seriously weakened the dollar against all main currencies in the past two weeks, the President met Mr. Michael Blumenthal, Treasury Secretary, and Mr. William Miller, chairman of the Federal Reserve Board.

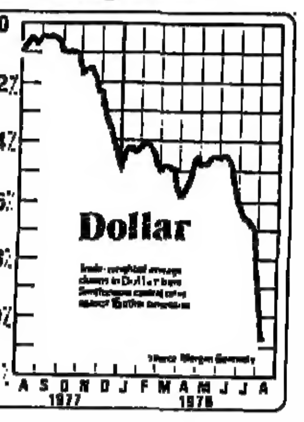
A brief White House statement said that Mr. Carter was deeply concerned about "the sharp decline in the dollar and *disorderly market conditions.*"

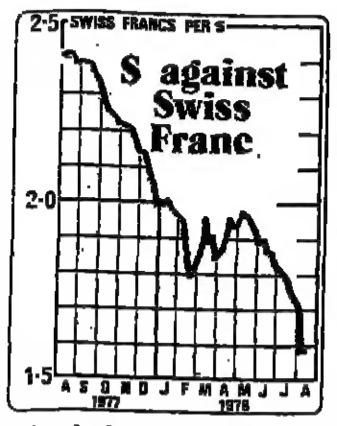
In the month since the Bonn economic summit, the dollar has fallen by 12¾ per cent against the Swiss franc and 8 per cent against the Japanese yen.

The statement brought some comfort to the New York foreign exchange market where the dollar rose against the West German mark, the Swiss franc and the Japanese yen.

Early yesterday afternoon there were preliminary indications that the Fed was contributing to the defence of the US currency by pushing up short-term interest rates.

There was no indication last night of what steps might be taken, in advance of a Press conference the President is due to hold this afternoon.





But the view of most observers is that confidence in the dollar, which in recent days has fallen to record lows against the Japanese, West German and Swiss currencies, will be restored only by measures going well beyond what the Administration has hitherto been ready to contemplate.

The Administration has been reluctant to make any wider use of the various "swap" arrangements which exist between the Fed and other central banks, saying that greater intervention in the markets buys time, but little else.

Pressure on Mr. Carter to intervene in the money markets has come mainly from abroad and from the New York market managers, not from Congress.

Mr. Henry Reuss, chairman of the House banking and finance

Continued on Back Page
Economic Viewpoint, Page 18

Market wavers in hectic trading

By Peter Riddell, Economics Correspondent

THE DOLLAR rallied modestly in response to President Carter's statement after a day of sharp fluctuations.

Dealers reported that trading conditions were hectic and volatile. Business was relatively modest and the late rise in the dollar mainly represented defensive marking-up, as indicated by the wide dealing spreads quoted.

The considerable uncertainty about what measures the U.S. Administration might introduce was reflected both in these erratic conditions and in the limited extent of the increase in the U.S. currency after the statement.

The dollar *still* closed at below Tuesday evening's levels in Europe even after the late rally. The rate against the D-mark was DM1.9450 after a low of DM1.9270 and a previous close of DM1.9550.

Similarly, the dollar finished down on the day against the Swiss franc at SwFr 1.5887½, compared with a low of SwFr 1.5700 and SwFr 1.6065 on the previous day.

Gold also closed higher on the day in the London bullion market, up $1½ an ounce at $214¼.

Sterling finished 20 points up overall at $1.9760 after a peak of $1.9887½ and the trade-weighted index fell 0.1 to 62.6.

The market has been watching closely for any indications of U.S. attempts to try and halt the decline in the dollar. There is considerable scepticism about mere statements of intent after the failure of the currency swap package in early January to halt the fall.

The authorities in other major western countries have made it clear in the last two weeks that it is up to the U.S. to take an initiative before they can provide support.

The recent non-intervention by central banks in the exchange markets has been seen by dealers as a deliberate policy, which could not be continued indefinitely.

Consequently there has been speculation about any meeting which might produce a new initiative. For example, the dollar fell at one stage yesterday because of the absence of any statement after consultations in Berne between Switzerland's seven-man coalition Cabinet, the Federal Council and the entire directorate of the Swiss National Bank.

£ in New York

—	Aug. 16	Previous
Spot	$1.9640-9660	$1.9735-9755
1 month	0.56-0.51 dis	0.56-0.49 dis
3 months	1.45-1.37 dis	1.39-1.33 dis
12 months	4.50-4.30 dis	4.70-4.60 dis

Average pay rises close to forecast 14%

BY DAVID FREUD

THE INCREASE in average earnings in Phase Three of the Government's pay policy looks likely to be only slightly above recent official expectations, in spite of sharp monthly fluctuations.

With a month to go, officials are confident that earnings will have risen by no more than 14.5 per cent at the end of the wage round.

This is close to the 14 per cent that has been officially predicted for several months. However, it is significantly above the 10 per cent guidelines originally set by the Government.

Figures released yesterday by the Department of Employment show that average earnings for the whole economy rose by 14.5 per cent in the first 11 months of Phase Three, up to June.

Swollen

This figure is expected to decline for the 12-month period because the June total was swollen by substantial amounts of back pay and bonuses.

When these payments are discounted the rise in earnings over the first 11 months of the wage round comes to about 13.3 per cent.

The payments affecting the June total included bonuses for banking and insurance employees and backpay for construction, chemical and railway workers. Officials estimate that about a third of the 2.8 per cent increase in earnings between May and June was caused by these payments.

The earnings figure may drop because the index is not a cumulative series, but is derived from a series of "snapshots" of earnings at particular times. Earnings in July will fall if the level of bonuses and back pay is, as expected, lower than in June.

Over the last six months a large gap has developed between the growth in average earnings and the rate of inflation.

In the 12 months to June average earnings index for the whole economy, which covers some 21m workers, rose by 15.4 per cent, while the rate of retail price inflation was 7.4 per cent.

The higher rate of earnings could start feeding through into prices before the end of the year.

The earnings index rose to 133.1 in the 12 months to June (1976=100, not seasonally adjusted). In May the figure was 129.4.

An older earnings index, covering 11m workers mainly in production industries and part of the service sector, rose 16.5 per cent in the year to June to 333.8 (1970=100, seasonally adjusted). In May the index was 327.2.

The older index has risen more than the more widely-based one because production workers have been able to take advantage of productivity deals more easily than the service sector.

Basic weekly wage rates rose 15.1 per cent in the 12 months to July to 262.6 (July 1972=100). The index in June was 262.3. This index covers only nationally negotiated basic rates for manual workers.

Slower growth predicted

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER pointer to a slowdown in the rate of economic growth from the end of this year onwards is provided by new official figures published yesterday.

The Central Statistical Office's cyclical indicators for the UK economy, which point to future changes in the level of activity, suggest that the present upturn may run out of steam this winter.

This reinforces the message of recent forecasts, such as yesterday's National Institute quarterly economic review which said the prospect of stagnant output and rising unemployment in 1979 called for "a significant measure of reflation."

The composite index of longer-leading indicators, which looks ahead an average of just over a year to turning points in the business cycle, fell in July for the ninth month running.

Although this index is heavily influenced in the short-term by share prices and short-term interest rates, the downward trend is now so clearly established as to suggest the start of a slackening in growth this winter.

Monetarists would draw a similar conclusion from indications that the period of rapid growth of the real money supply (that is after adjusting for inflation) has now come to an end.

A more tentative pointer is provided by the composite index of shorter leading indicators, which looks ahead an average of six months. This fell slightly in June, for the first time since last October.

The cyclical indicators have to be treated with a good deal of caution because of fluctuations and later revisions to their components which consist of a series of economic variables and statistics.

Russian approach to ICL after U.S. computer ban

BY MAX WILKINSON

THE SOVIET UNION is turning its attention to International Computers Limited (ICL) of the UK as a possible alternative supplier of a machine for which the U.S. Government has refused an export licence.

The refusal was made by President Carter's administration in *protest against the jail sentences* recently passed on Soviet dissidents. He blocked the sale of a computer by Sperry Univac to Tass, the Soviet news agency.

The sale was previously cleared by the Cocom committee which vets technological exports from the West to East for security implications.

Following the U.S. Administration's decision, Soviet officials made an informal approach to ICL although the company said yesterday that no formal request had been received from Tass for the supply of a system.

The U.S. Administration has asked all governments of countries with large computer companies to co-operate with its ban on the sale of a system to Tass.

However, ICL is likely to be of particular interest to the Soviet because it is one of the few companies in the world which could fulfil the order for a large system without U.S. or Japanese support.

Siemens of Germany markets a Japanese machine for the top end of its range, while the French company CII-Honeywell-Bull is a joint venture with the U.S. company Honeywell Information Systems.

ICL said yesterday that it would be prepared to supply a suitable computer to Tass if it was asked to do so, but would have to conform to UK Government policy.

The Foreign Office confirmed yesterday that it had received a request from the U.S. Government to ban the sale of a computer to Tass. But it said no application had been made from a UK company for an export licence, so the question of its attitude to the U.S. request was "hypothetical."

The response from other governments was similarly guarded. The French Foreign Ministry said yesterday that as a matter of general principle, the sale of material for civilian uses was not subordinated to political consideration.

The spokesman said that technical or security considerations might be held as valid objections to such a deal.

In Bonn, West Government spokesman said a decision on the Carter Administration's request for solidarity would not be made until a German company asked permission to export a computer.

Editorial Comment, Page 18
U.S. may ease South Africa, Back Page

U.K. banks near agreement on finance for China exports

BY DAVID FREUD

BRITISH BANKS are thought to be close to agreement on deposit arrangements for financing UK exports to China.

If negotiations are successful, Lloyds Bank International, in partnership with merchant bankers S. G. Warburg and Standard Chartered, will arrange to deposit $100m with the Bank of China to cover contracts with British exporters.

Talks have been going on for several months and were advanced by the visit to China *last week of a British trade* mission led by Mr. Edmund Dell, Trade Secretary.

The Chinese made clear they were prepared to place large orders with British industry.

As many as 10 other British banks are thought to be negotiating similar deposit arrangements.

Merchant bankers Kleinwort Benson, whose chairman Lord Limerick was on the mission, said yesterday it was involved in talks with the Bank of China.

The schemes are backed by the U.K. Export Credit Guarantee Department and it describes them as an interim means of extending credit to the Chinese.

Until recently, China has rarely sought credit and it remains unwilling to sign a normal international loan or buyer-credit agreement, partly because *it has no law to cover such agreements.*

Under the deposit arrangements the British banks would comply with requests to make deposits in the Bank of China which would then be used to pay suppliers.

Lloyds Bank International said that the $100m deposit was an initial sum.

It is thought that the deposits will be made for a term of between eight and ten years.

It is not known at what rate interest will be fixed, although the agreed minimum for Western government-backed credits to developing countries is 7.25 per cent. However, China claimed at the week-end that Japan has offered rates below this.

The two schemes currently being negotiated are designed *tot provide finance for* individual contracts worth $5m and above. If the UK wins orders for very large projects, however, other credit lines will have to be established.

Hua's rallying call to nation, Page 3
Romania visit, Page 2

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

هكذا من الأصل

EUROPEAN NEWS

Aid for Portugal's troubled economy

By Jimmy Burns

LISBON, August 16.

"IF 1977 was the year of politics, 1978 must be the year of economics. There is no longer room for ideological or political fights." The maxim could have come from Portugal's new technocrat Prime Minister, Sr. Alfredo Nobre da Costa. It was said, however, more than five months ago by Dr. Vitor Constancio, the then-Minister of Finance, who this week, as a member of the Socialist Party, refused to participate in Sr. da Costa's government.

So embroiled has Portugal again become in ideological and political fights that the country's pressing economic problems and the need for a solution to them have almost been forgotten. They will be called to mind, however, tomorrow when Portugal signs a $300m medium-term loan agreement with a consortium of international banks.

The loan, pledged by Amex Bank, Banque Nationale de Paris, Chase Manhattan Bank, Dresdner Bank, Industrial Bank of Japan, and Manufacturers Hanover, is the result of the second major operation this year by Portugal in the international financial market. The loan will be used to finance Portugal's balance of payments deficit, and to help restructure the country's short-term debt.

External debt

At the beginning of the year, Portugal external funded debt (debt arranged for a maturity of more than a year) amounted to $1.7bn calculated at the then prevailing exchange rate of Escudos 39.7 per dollar. Of this, $908m was direct debt of the republic and the remainder was debt guaranteed by the republic.

Portugal has continued to borrow throughout this year, notably a $70m tranche loan from the International Monetary Fund in May, which, in turn, opened up $750m worth of credit from a group of industrialised countries. The previous large loan on the Euromarket was signed last month: $150m lead managed by Westdeutsche Landesbank Commerzerbank.

The fact that tomorrow's loan is being signed at all in the midst of what some commentators consider to be one of the most serious political crises here since the revolution of April 25, 1974, indicates that foreign bankers at least have still not totally lost confidence in Portugal's ability to survive.

A measure of confidence was undoubtedly restored here during the six months' socialist-conservative governing alliance which came to power, facing a balance-of-payments deficit of nearly $1.5m and an inflation rate for 1977 averaging just above 27 per cent.

For all its contradictions and hesitance, the alliance almost from the beginning convinced international opinion that it could get a great deal more done on the economic front than the previous minority Socialist government. In March the Government implemented a budget and economic programme for 1978 which almost to the letter followed the fiscal and monetary policies suggested by the Organisation for Economic Co-operation and Development in its review of the Portuguese economy published at the beginning of the year.

Significantly, the alliance, which was criticised by some as being dangerously conservative, succeeded in swinging the Communist-dominated unions behind a strategy of passive acquiescence in the face of a wage ceiling of 20 per cent. As a result, Portugal, during the first six months of this year, experienced fewer strikes than nearly any other European country.

Joint venture

Perhaps most important was the fact that foreign investment, frightened off during the Communist offensive of 1975, showed signs of being coaxed back. The most significant pointer in this respect was the $20m joint venture agreement signed in June between Quimigal, the nationalised Portuguese petrochemical company, and Cojohn, the U.S. multinational company.

In a sense, the appointment of a man outside politics and of no technical ability to lead the country reflects a wish by President Antonio Ramalho Eanes that the more practical aspects of the previous government may now be carried on.

In a sense, Portugal in socio-economic terms has reached a crucial stage. The austerity programme adopted after the agreement with the International Monetary Fund, is already claiming victims in terms of bankruptcies, and the consequent increase in unemployment. Only recently, a leading construction company here announced it was laying off more than 1,200 workers.

Against this background, tomorrow's loan will not be of any use to Portugal in the long run unless it is used to stimulate investment and development policies. Portugal's agriculture and industry remain in desperate need of restructuring. Sr. da Costa or someone else, meanwhile, will have to find a government capable and willing to implement a medium-term economic programme that will take the country out of the doldrums.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Chairman Hua Kuo-feng, on a visit to Romania, at a ceremony with President Nicolae Ceausescu in Bucharest.

Hua given big welcome in Romania

BY PAUL LENDVAI

BUCHAREST, August 16.

MORE THAN 100,000 Romanians gave a carefully stage-managed, yet genuinely enthusiastic, welcome to Chairman Hua Kuo-feng when he arrived this morning in Bucharest on the first stop of his historic European trip.

He was met at the airport by Mr. Nicolae Ceausescu, the Romanian President. Although no arrival statements were made, the welcoming editorial of identical texts published together with a large photo of the Chinese leader on the front page of all Romanian newspapers today provided some significant political pointers.

It praised China's "important and active role in the fight against imperialism, colonialism and neo-colonialism, against every form of hegemony and oppression, for freedom and independence of the people, for peace and progress in the world."

The editorial expressed the conviction that the Chinese visit will not only contribute to closer bilateral co-operation but also to common action in the international field. Observers regard the article as an indirect but unequivocal rebuttle of the recent attack by the Soviet Communist Party newspaper Pravda on "Chinese warmongering aims" in the Balkans.

Chairman Hua and Mr. Ceausescu spoke out tonight at a dinner in favour of intensifying Romanian-Chinese collaboration, but made no reference to the Soviet Union.

In a relatively low-key speech, Chairman Hua warned that imperialism and hegemonism (the code word for Soviet expansion) were spreading their arms in Asia, Africa, Latin America and Europe, trying to infiltrate, to undermine and to undertake aggression against some countries.

Mr. Ceausescu said Romania sought friendship with all Communist countries, based on the principle of equal rights, respect for national independence and sovereignty.

Both speeches are regarded by observers as deliberately moderate in tone and content. It is understood that the Romanians specifically asked the Chinese guests to refrain from any allusions which the Soviet Union might find offensive.

Western diplomats thought today's reception for Mr. Hua noisier and more colourful than that accorded the Soviet President, Mr. Leonid Brezhnev, in 1976, but did not necessarily involve larger crowds. Romanian officials quickly pointed out that the abundance of folk groups, bands and gymnasts was organised in order to match the spectacular welcome which greeted Mr. Ceausescu last May in Peking.

Like other important visitors to Bucharest such as Presidents Nixon and Ford as well as Mr. Brezhnev, Chairman Hua was handed the symbolic key to the capital. He also joined Mr. Ceausescu and the usual group of young boys and girls dancing in traditional Romanian hora.

Formal talks began this afternoon on unspecified bilateral and international issues which apparently included increased economic co-operation. Chairman Hua is accompanied by eight high officials, including Ching Teng-kuei, Deputy Premier and politburo member, Chao Tzu-yang, non-voting politburo member, Huang Hua, the Foreign Minister, as well as two deputy ministers, in charge of foreign trade and the engineering industry respectively.

A number of bilateral agreements are expected to be signed on economic and technological co-operation. A long-term economic agreement was concluded in May during the Romanian President's visit to Peking. The two sides are now likely to agree on details of the agreement.

On Friday, Chairman Hua will tour the oil centre at Ploesti, and visit a plant producing high quality drilling equipment. This visit supports evidence that Romania is willing to increase its deliveries of drilling equipment in return for Chinese oil. Romania's crude output has stagnated at some 14m tons a year and the country is having to import growing quantities of oil.

Romanian officials refused to comment on speculations among Western diplomats about growing Sino-Romanian co-operation in military hardware. Romania has acquired a dozen or more Chinese-built gun-boats and patrol boats.

David Satter writes from Moscow: Pravda today quoted the French newspaper, Le Matin, that the visit of Chairman Hua to Europe has "an openly anti-Soviet character. Pravda made no official comment of its own but the Soviet Union often quotes views with which it agrees before taking a definite position. In this case, it may be moving cautiously to avoid antagonising Romania or Yugoslavia.

China grain output, Page 3

Rommel fails in leadership bid

BY JONATHAN CARR

BONN, August 16.

DR. MANFRED ROMMEL, Lord Mayor of Stuttgart and son of the wartime Field Marshal, today failed in his bid to become Prime Minister of the state of Baden Wuerttemberg in succession to Dr. Hans Filbinger.

Dr. Filbinger (64) announced last week he was stepping down after what he called a Left-wing-inspired campaign of character assassination over his role as a German naval judge towards the end of the Second World War.

Dr. Rommel (49) decided to run for the office. But today leading bodies of the local Christian Democratic Party (CDU) agreed instead to nominate his only rival, the State Interior Minister, Herr Lothar Spaeth (40). It is now considered certain that Herr Spaeth will be elected Prime Minister by the state parliament, where the CDU has a clear majority, on August 30.

The campaign for the nomination, carried out in a notably amicable atmosphere, with each candidate stressing the merits of the other, ended in a very close initial vote today. The party executive committee first decided in favour of Herr Spaeth by only 14 votes to 13. The CDU parliamentary group then expressed its support for Herr Spaeth by 42 votes to 27 for Dr. Rommel, with two abstentions.

Herr Spaeth promptly declared that he planned in large measure to continue the policies of Dr. Filbinger—who in 12 years as Prime Minister so strengthened the CDU's position that it gained 56.7 per cent of the vote in the past State election in 1976.

Dr. Rommel started the nomination campaigns as the outsider but appeared from unofficial soundings to gain increasing support. Besides the benefit of a famous and respected father, he had considerable charisma in his favour. Bue he has also been criticised for adopting ultra-liberal positions as Lord Mayor, and has been known to vote with the political opposition on some issues.

For many in the CDU, therefore, Herr Spaeth was the safer though less colourful choice. He has been an effective leader of the CDU parliamentary group and is something of an economic expert. But he is widely recognised to have a hard task ahead of him in rebuilding party confidence after the trauma of the "Filbinger Affair."

● A minister in the West German state of Hesse—which is facing an important election in October—today sought to allay public fears over the deposit of poisonous U.S. chemical waste.

Herr Willi Goerlach, the Minister responsible for environmental questions, insisted that the dumping of the waste in disused salt mines in the state would not occur again.

The state government argues that it approved storage of 300 tons of waste at Herfa-Neurode in North Hesse, already used for disposal of similar German waste, after both U.S. and British authorities refused it. The Government says it acted from a feeling of concern and sense of responsibility.

Marxist asked to form Iceland Government

By Jon H. Magnusson

REYKJAVIK, August 16.

DR. KRISTJAN ELDJARN, the President of Iceland, today asked a Marxist politician, Mr. Ludvik Josefsson, to form a new Government and resolve the seven-week political crisis on the island.

Mr. Josefsson, leader of the Communist-dominated Peoples' Alliance, is understood to have accepted the invitation.

This is the first time since Iceland became an independent republic in 1944 that a member of the anti-NATO Peoples' Alliance has been invited to head a Government. Iceland is the smallest member of NATO but has a strategically vital air base at Keflavik.

The president's invitation follows the failure of attempts by the outgoing Prime Minister, Mr. Geir Hallgrimsson, to form a new coalition Government with the Social Democrats.

Mr. Josefsson is expected to ask the Social Democrats and possibly the middle-of-the-road Progressive Party to take part in a possible left-wing Government. He may also try to form a minority government with the Social Democrats.

Although Mr. Josefsson is opposed to the Keflavik base, he is understood to be willing to accept the U.S. presence for the time being.

Turkey trade gap, inflation fall

BY METIN MUNIR

ANKARA, August 16.

AN "encouraging improvement" has occurred in the Turkish economy in the four months since the Government's stabilisation programme was launched last March, according to a Finance Ministry document on the economic situation.

The Ministry notes that the balance of trade has improved. In the March-June period exports were $642.6m, 17.3 per cent higher than in the comparable period of 1977. Imports, at $1,593m, were 21 per cent lower. Consequently the trade gap fell by 41 per cent.

The rise in the wholesale price index has slowed: it grew by 4.4 per cent in March, 3.5 per cent in April, 3.2 per cent in May, and 1.8 per cent in June.

The increase in the narrowly-defined money supply—sight deposits and currency in circulation—declined in mid-June this year to a rate equivalent to an annual 4.5 per cent compared to 9.5 per cent at the same time last year, according to the document.

Consolidated budget revenues in the March-June period this year were TL86bn compared with TL59bn last year, a growth of 45 per cent.

Consolidated budget expenditure in the four-month period of this year was TL84bn. There was thus a surplus of TL2.3bn, compared with last year's deficit of TL11bn.

The figures, however, do not give the whole picture. The curb on imports has depressed industrial production and raised unemployment. Foreign exchange reecipts are inadequtae to procure the raw materials and supplies which are needed to utilise existing productive capacity.

● The Turkish Central Bank's Board of directors has dismissed a report which accused Mr. Cafer Tayyar Sadiklar, the Governor, of falsifying Central Bank statements.

In a statement issued here last night, the Board said that the report, prepared by the bank comptrollers, was "baseless," and that "the balance sheet figures were based on facts and were reliable." The Central Bank had acted with "complete independence and neutrality fulfilling requirements demanded by the economy and banking." There was, therefore, no reason to agree with the comptrollers that Mr. Sadiklar should be dismissed.

Mr. Ziya Muezzinoglu, the Finance Minister, wants to replace Mr. Sadiklar, and is expected to call an extraordinary meeting of the Central Bank's general assembly, where his control of the majority shares may enable him to fulfil his wish.

● Turkish Premier Bulent Ecevit said today that his country's new relashionship with the U.S. should not be allowed to endanger the position of mutual trust with its neighbours, Reuter reports from Ankara.

He was referring to a proposed new agreement on the reopening of U.S. military installations on Turkish soil whose main function is to monitor activities in the neighbouring Sovet bloc.

Lull in French air dispute

By David White

PARIS, August 16.

FRENCH AIR traffic controllers resumed normal work today after a five-day work-to-rule, as their dispute with the Government went back to square one.

After the fourth weekend of the go-slow, M. Joel le Theule, the Transport Minister, offered to resume negotiations on Friday. The unions' official reaction was positive, but the Minister made it clear he would withdraw the offer if the controllers decided to repeat their protest action.

The four unions involved, representing 2,500 air traffic controllers, are due to report to their members tomorrow, when ballots resume industrial action.

The weekend go-slow, extended to cover yesterday's Assumption Day holiday, caused only minor delays because airlines reduced or re-routed flights that would otherwise have been competing for the restricted use of French air space.

Soviet doctor's challenge

BY DAVID SATTER

MOSCOW, August 16.

A SOVIET psychiatrist said today that he found no case of definite mental illness among 27 former Soviet mental patients referred to him by a dissident commission set up to investigate the use of psychiatry to suppress dissent.

Dr. Alexander Voloshanovich said at a news conference that he decided to speak out after the conviction on charges of anti-Soviet slander yesterday of Mr. Alexander Podrabinek, a founding member of the commission. Mr. Podrabinek was sentenced to five years of internal exile in a remote part of the USSR.

The psychiatrist's appearance before Western correspondents apparently represents the first time that a Soviet psychiatrist has publicly challenged official psychitric diagnoses which have frequently been questioned by Soviet dissidents as well as by doctors in the West.

Mr. Podrabinek compiled a dossier listing 200 case histories of persons sent to mental hospitals after having difficulties with the authorities.

Dr. Voloshanovich, who is on the staff of Moscow's Dolgoprudny Psychiatric Hospital, said he believed many of his Soviet colleagues shared his concern about the abuse of psychiatry on "an emotional level," but were not prepared to take a stand publicly.

Irish power dispute

The work-to-rule by power station workers, which caused widespread power cuts in the Irish Republic, has ended but may resume in two weeks, our Dublin correspondent writes. Union officials will meet the Electricity Supply Board to press for new talks on a productivity deal.

هكذا من الاصل

Rosy prospects for the economy of an independent Namibia

BY BERNARD SIMON IN JOHANNESBURG

A STORY doing the rounds in Windhoek tells of a prominent right-wing politician well known for his view that an independent Namibia (South West Africa) should retain close economic ties with South Africa. Like many other Namibian whites, however, the man also happens to be a cattle rancher. Asked whether his belief in these close ties extended to his farming activities, he supposedly exclaimed that, in this respect, the sooner Namibia broke away from its southern neighbour, the better.

The question had reminded him that the South African authorities currently restrict each rancher to a production quota of a few dozen carcasses a week. Pretoria controls the prices at which these can be sold, and any exports outside South Africa require permission from the South African Meat Board.

The frustration of Namibia's cattle farmers illustrates the growing awareness in the territory that a gradual loosening of economic links with South Africa could be to Namibia's advantage.

Black nationalists, especially the South West African People's Organisation (SWAPO) have maintained for years that Pretoria has ruthlessly exploited the territory's human and natural resources. A South African researcher, Miss Sue Collett, agrees in a recently published critique that many South African policies towards Namibia have been "paternalistic."

She adds that closer ties between Namibia and states such as Angola, Botswana, Zambia and an independent Zimbabwe "may in the long run be preferable to the existing situation." Even Mr. Charles Truebody, the Director of Development in the South African Administrator-General's office in Windhoek, says that the economy "is getting strong enough to begin to stand on its own."

The South African connection has undeniably brought considerable benefits to the economy in the past, in the form of infrastructure development, cheap loans and budget subsidies. Few people—not even SWAPO—suggest that ties should be completely broken. Mr. Wolfgang Thomas, a respected authority on Namibia, concludes in a recent book that "in the short run, the ties between Namibia and South Africa will not be severed, precisely because far too much is at stake." Mr. Mokganedi Tlabanello, SWAPO's publicity secretary in Windhoek, concedes that a SWAPO government "cannot cut off everything."

The disadvantages of the present South African connection are both specific and general. Besides the restrictions on cattle farmers, particular objections also apply to products such as fishmeal, which last year earned the country about R20m in foreign exchange. This product is also subject to Pretoria-imposed price and export controls.

Moreover, South Africa's railway tariffs policy has meant, for instance, that it will be cheaper to send minerals mined in the north-west Cape to Europe for upgrading than to the Tsumeb smelter in Namibia.

> Although economic growth in the wake of a peaceful settlement would push up imports, the improvement in the trade balance is likely to continue.

More generally, pressure is growing for Namibia to break away in the relatively near future from the southern African monetary and customs unions (which also include Lesotho, Swaziland, and, in the case of the customs union, Botswana).

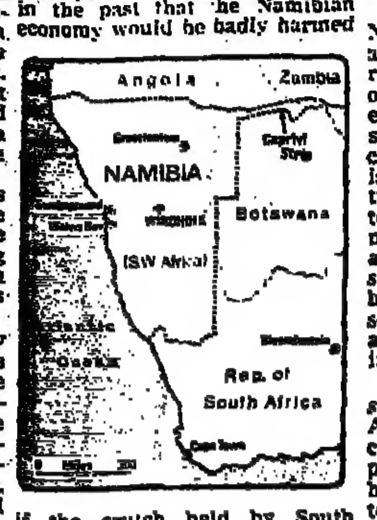
The high tariff walls which protect South Africa's manufacturing industry are viewed as inappropriate to a country such as Namibia which imports virtually all the manufactured goods it needs, and has neither the resources nor the market to justify widespread encouragement of local industry.

As will become apparent below, Namibia also has little need for the generous handouts from South Africa enjoyed by the other countries in the customs union in terms of its revenue-sharing formula.

Arguments in favour of withdrawal from the monetary union are equally compelling, particularly if political uncertainties and a relatively high inflation rate continue to put pressure on the South African rand.

Although the direction of Namibia's foreign trade may mean that its currency would have to be pegged to the rand for comparatively long stretches (about 90 per cent of Namibian consumer goods imports come from South Africa), an independent currency could improve the country's chances of attracting foreign investment.

Despite Pretoria's contention in the past that the Namibian economy would be badly harmed



if the crutch held by South Africa were pulled away, it is becoming increasingly apparent that Namibia would in fact be able to cope rather well, without special favours from across the border. The one condition, and it is a crucial one, is that whichever Government comes to power in Windhoek must be able to retain the confidence of foreign investors.

Up to the mid-1970s, Namibia's foreign trade balance probably showed regular deficits (official payments figures for the territory have never been published.) While there was a sizeable inflow of private capital, its transfers abroad of profits, dividends and other service payments were still larger. Budget deficits amounting to R50-100m a year are still subsidised by South Africa, while the South African railways and post office absorb the substantial losses of their Namibian operations (Miss Collett suggests a combined annual shortfall of R50m).

However, steadily rising earnings from the Rossing uranium mine, which is expected to reach its production target of 5,000 tons a year early in 1979, and from Consolidated Diamond Mines at Oranjemund, have changed the picture dramatically in the past year, despite the collapse of the inshort fishing industry and reduced earnings from copper, lead and zinc exports.

Diamond exports have soared from about R125m in 1974 to roughly R200m last year, and uranium earnings from nil to roughly R150m. Mr. Thomas estimates that the trade surplus leaped from a mere R25m in 1975 to R120m last year. Miss Collett, whose figures are probably more accurate, puts the 1977 surplus at an extremely healthy R265m, or more than 25 per cent of gross domestic product.

Although economic growth in the wake of a peaceful settlement would push up the import bill, the improvement in the trade balance is likely to continue. Diamond earnings this year could top R250m, while uranium exports should bring in around R225m. This would more than offset the plunge of canned fish revenues from R70m in 1976 to R35m last year and virtually nothing in 1978.

Capital transfers are more difficult to quantify. Miss Collett estimates that long-term inflows (including Government transfers) total around R150-200m a year. Against this must be set, for the time being, a substantial drain of "funk" money, sent across the border by residents and companies nervous of the future. Mr. Thomas puts the net capital movements last year at zero, leaving a payments surplus of roughly R90m. (These figures exclude South Africa's considerable defence expenditure in the territory.)

The installation of a Government able to attract foreign investment would mean an even bigger surplus within a relatively short time. Just as economic development is currently being held back by political uncertainty (only 50 houses were built in the whole territory last year), so a peaceful settlement could well unleash a wape of new investment, both from South Africa and from further afield.

It is believed, for instance, that most of the details of General Mining's Langer Heinrich uranium project have been finalised, and that the go-ahead depends only on political developments. Similarly, South African companies have drawn up plans for the construction of a R42m cement factory west of Windhoek. There are also strong rumours of oil deposits off the Namibian coast.

A surge of prospecting activity is expected when the former black "homeland" areas are opened to white mining companies, probably within the next few weeks.

Although many strands of Namibia's ties with South Africa are dispensable, it is widely recognised that the country will only be able to realise its full economic potential relatively soon after independence if the confidence of private enterprise is maintained. There is alrdeay a trickle of whites leaving the territory, and widespread nationalisation would inevitably accelerate the outflow of both skills and capital. Particularly hard hit would be the civil service, which currently employs about half Namibia's white inhabitants.

Should a conservative party, such as the DemocraticTurnhalle Alliance, come to power, its policies can be expected to favour private enterprise. It would, however, have to do a lot more to develop the primitive, black isector of the economy, which South Africa has badly neglected.

What if SWAPO wins the proposed election? Although outside observers give it a more than even chance, most Windhoek businessmen prefer not even to consider the possibility. Their frequent use of epithets such as "Marxist" and "anti-white" gives a clue to the business community's perception of SWAPO's intentions. As one leading executive puts it: "If they run the show, it will be difficult to work with them."

Several companies have had informal discussions with SWAPO leaders, but in the words of one businessman, "we have been given no assurances." Businessmen also report that SWAPO's outline of its economic policies has varied according to the audience.

Mr. Tlhabanello, SWAPO'S publicity secretary, concedes that the organisation has not yet drawn up an economic blueprint, and says that any tal kof specific policies towards various companies or sectors is premature. He adds however, that "there is not going to be outrightnationalisation. We need the white man." In addition, he insists that there will be no expropriation of property without compensation.

It is clear however, that one of a SWAPO government's highest economic and social prrioities would be land redistribution. "There will have to be some agreement between those wso have land and those who don't." Mr. Tlhabanello says. But he notes that no talks have yet been held with white farmers, bause "they think we are all terrorists." he adds that "We want to talk to businessmen."

> A surge of prospecting activity — expected when the former black "homeland" areas are opened to white mining companies, probably in a few weeks.

As far as the mining companies are concerned, Mr. Tlhabanellno says tsat De Beers and Rossing "appear to be prepared to share profits with the new government." His opinion is borne out by one mining executive wh osays that "we accept that there will be change."

SWAPO also talks of imposing strict minimum wage levels. Mr. Tlhabanello says that "it is the State's responsibility to see that every employer is forced to pay a minimum wage." There would also be strict screening of new immigrants.

With the gap being so wide between the economic policies of SWAPO at the one extreme and the DTA at the other, it is not surprising that businessmen are waiting for the outcome of the election before deciding on their future. For the moment, the nascent economic recovery in South Africa is passing Namibia by. But the right sort of settlement in Namibia could foreshadow the type of boom which South Africa itself is not likely to experience for many years.

Rhodesia conference 'outdated'

BY MICHAEL HOLMAN

LUSAKA, August 16.

RHODESIAN nationalist leader Mr. Joshua Nkomo has warned that the proposed all-party conference is "something out of date." though this did not exclude talks.

But he added: "The side that feels it's winning the war will not agree to talk on terms they would have accepted at the beginning or the middle of the war."

Speaking to reporters, Mr. Nkomo refused to disclose settlement terms, but said: "You can be certain they cannot include equal status with the chaps within the present regéme.

"We will say: 'Right: one, two, three, four—yes or no'", without necessarily humiliating them."

If the terms were rejected, said Mr. Nkomo, co-leader of the guerrilla alliance, the Patriotic Front, and president of the Zimbabwe African Peoples Union (ZAPU), "we put on the heat."

Describing the Patriotic Front Guerrillas as "Zimbabwe's army," Mr. Nkomo declared: "Anybody who doesn't accept that army as a Zimbabwe army has got no right to stand. He has got to trust this army and no other."

This army must be in charge of security during an interim period before majority rule, he said, although the Front was still prepared to accept "certain elements" of the Rhodesian army.

Tony Hawkins writes in Salisbury: Several hundred nationalist guerrillas who have switched allegiance to the transitional Government are opearting in various parts of Rhodesia as "auxiliaries" to the security forces, officials announced tonight.

A statement by the ruling executive council of Prime Minister Mr. Ian Smith and three moderate black leaders said some "former terrorists" had clashed directly with guerrillas loyal to the externally-based Patriotic Front leaders.

هكذا الاصل

OVERSEAS NEWS

Arab peace-keeping force expected to stay in Lebanon

BY IHSAN HIJAZI

BEIRUT, August 16.

THE PREDOMINANTLY Syrian Arab peace-keeping force is likely to stay in Lebanon until at least next March.

An agreement in principle has apparently been reached between Syria and Debanon to extend the mandate of the force for a further six months after the present term expires early in October.

The accord was reportedly reached at two days o talks at the Syrian port of Lattakia between President Hafez Assad and Lebanese Prime Minister Dr. Selim al Hoss.

Dr. Hoss reported to the Cabinet in Beirut today on the outcome of his talks, which he described as "very fruitful." He said the results will be felt within the near future.

The Lebanese Government has to make the necessary formalities for renewing the mandate of the force. This would entail obtaining the approval of the other Arab states contributing to the force, after which an endorsement by the Arab League will be necessary.

Syria provides 30,000 of the 36,000 soldiers in the force. The rest are from Saudi Arabia, the Sudan and the United Arab Emirates.

The Arab League is expected to consider the matter at its meeting scheduled for September 12. League Secretary-General Mahmoud Riad, is currently on a tour of several Arab capitals to ensure inter-Arab solidarity in advance of the League meeting, which may be held in the Sudanese capital, Khartoum.

Mr. Riad has expressed concern about the crisis in Lebanon. He said Israeli intervention in Lebanon constituted a direct threat against the entire Arab world.

Observers said President Elias Sarkis, though in favour of keeping the Syrian troops in Lebanon for another six months, only wants the mandate extended under certain conditions.

He reportedly wants the Syrians to pull out of Christian quarters of Beirut where they had been engaged in fierce fighting with the Christian militias. He also insists that Lebanese forces must play a bigger role in maintaining law and order.

Meanwhile MajorGeneral Emmanuel Erskine, commander of the United Nations interim force in Lebanon (Unifil), is holding talks in Beirut with Lebanese officials on ways of ending the impasse on the deployment of Lebanese regular forces in Southern Lebanon.

Gen. Erskine yesterday held talks in Israel in what United Nations officials described as an attempt to get the Israelis to influence their allies the Christian militias in the border strip, to stop shelling the Lebanese battalion now halted at the town of Kawkaba some 10 miles from the Israeli border.

Ethiopian troops advance towards key Eritrean city

ROME, August 16.

ETHIOPIAN GOVERNMENT forces are pushing towards Keren, the biggest town still held by Eritrean rebels, and supply convoys have reached a Government garrison in Asmara which has been under siege for some time, the Ethiopian Embassy said here today.

Government forces which recently recaptured three towns and relieved a siege on a fourth in northern Eritrea were said to be advancing from Agordat towards Keren, a town of about 40,000 people. We have seen people fleeing from Keren," an embassy spokesman said. "The rebels are feeling tremendous pressures. We don't think they will fight it out. The fall of Keren is a matter of days," he added.

But a spokesman here for the Eritrean Peoples Liberation Front (EPLF) which controls Keren said the rebels would not give up the town.

The EPLF claimed successes in two recent battles with Government troops, saying 700 Government soldiers were killed in heavy fighting yesterday at Embadrho, about seven miles outside the Eritrean provincial capital of Asmara on the Keren road. And, in a second battle west of Asmara at Adi Yakob, the rebels captured one Ethiopian tank and destroyed three others. Reuter

Soviet base granted by Hanoi, says Cambodia

By Richard Nations

BANGKOK, August 16

RADIO PHNOM PENH today claimed Vietnam had allowed the Soviet Union to set up a base at the former American naval facility, Cam Ranh Bay. The charge was conveyed through an alleged Vietnamese military prisoner's confession broadcast over the Cambodian official radio.

Some weeks ago Peking levelled a similar charge against the Vietnamese, adding that Hanoi had become the Soviet's "Cubans" in South-East Asia. Hanoi has vigorously denied allowing the Soviets any military facilities, and although Soviet ships frequently call at Haiphong harbour near Hanoi, Western intelligence officials closely monitoring the area say there is no evidence that Soviet vessels have been near Cam Ranh Bay.

A high level State Department official reportedly made it clear to the Vietnamese during recent talks that the process of normalisation with the U.S. would be seriously impeded if the Vietnamese granted the Soviets military facilities.

Tunisia unions' case ruling

TUNIS, August 16.

A COURT trying 101 trade unionists alleged to have taken part in riots last January has declared itself incompetent to judge the charges against them.

The appeal court at Sousse, a coastal town east of Tunis, ruled yesterday that the charges fell under Section 72 of the penal code relating to national security, and said the cases should be tried by the Court of State Security. Reuter

Arab fund loan to Sudanese

By Our Foreign Staff

SUDAN has been granted a loan of $7.2m by the Arab Monetary Fund (AMF), which exists to provide payments support for Arab countries.

The loan, which has a maturity of three years, is an automatic drawing by Sudan of 75 per cent of its paid-up capital as a result of its serious payments deficit.

Earlier this week the AMF granted a similar $17.5m loan to Egypt.

China launches drive to boost grain output

BY JOHN HOFFMANN

PEKING, August 16.

THE CHINESE Government has announced a wide-ranging agricultural investment programme aimed at sharply increasing the country's grain production over the next seven years.

Details of the programme — which promises China's 700m peasants better agricultural equipment, as well as tax and loan concessions—were unveiled by Vice-Premier Li Hsien-nien, the nation's chief economic spokesman, at a recent conference on agricultural reconstruction.

Mr. Li's speech, reported by the New China News Agency today, linked the state's aid package with a commitment to push grain production from its present level of 260m tonnes a year to 400m tonnes by 1985.

The Chinese Government has decided early this year to increase the investment in agriculture, said Mr. Li. "Now it has been decided to make another increase. The Central Government and the localities should earmark more funds for agriculture."

Under the new measures, agricultural banks would be restored to encourage deposits from farm workers and communes. Interest on these deposits would be increased and that on agricultural loans lowered. Long-term, low-interest or no-interest loans would be made by the banks for special development projects.

Mr. Li promised that farmers would receive a better price for their crops. "The purchase price for agricultural produce is to a certain extent still low and the price of manufactured goods for agriculture is too high."

"Therefore," Mr. Li concluded, "new, reasonable readjustments should be made in price differentials so that the purchase price of agricultural produce is raised and the sale price of industrial products, especially those for agriculture is brought down."

The Vice-premier also ordered an upgrading in the quality of industrial products for agriculture. Every worker should be responsible for the products he turned out.

Mr. Li also introduced some decentralisation measures. The central Government, he said, would give all-out support to commune-run industrial enterprises established to process farm products.

Appropriate industries at the commune level would receive industries would be instructed low-tax concessions and city to help communes improve their equipment and management techniques.

Some industries would be decentralised and small production units set up in rural areas. The central Government was also committed to building a in each of China's 31 provinces major chemical fertiliser plant by 1985.

In return for the comprehensive system of incentives, Mr. Li made clear that he expected greater productivity from the agricultural workforce.

China's grain output had been remarkable—feeding one-fifth of the world's population from less than 7 per cent of the world's cultivated area—but "what we have done is far from the goals set."

"Farm work is done mainly by hand, productivity is very low and th eaccumulation of funds is at a low level," he said.

Mr. Li impressed on China's farming communities that they would bear the responsibility for increasing yields.

Each province should set up one "experimental" fully-mechanised county as a pilot project aimed at supplying solutions to agricultural problems in th whole region.

China should also learn from the experience of other countries and adopt their technology in appripriate circumstances. "Only intensive farming can solve China's agricultural problems," Mr. Li said.

THE WESTERN SAHARA DISPUTE

Peace moves lose momentum

BY TONY HODGES IN RABAT

MOROCCO AND Algeria, the chief protagonists in the dispute over Western Sahara, appear to be as far apart as ever despite the new momentum towards reaching a settlement which began with last month's coup in Mauritania.

Peace hopes rose when the Polisario guerrillas declared a temporary truce on operations over Mauritanian territory. Two weeks ago France announced that it was mediating between the parties to the conflict and the Algerian Foreign Minister, Mr. Abdel Aziz Bouteflika, said that a "peace dynamic" was under way.

But so far Algeria has not indicated that it might be prepared to cut off support to Polisario or abandon its demand for the independence of Western Sahara, the former Spanish colony which in early 1976 was divided between Morocco and Mauritania.

Mr. Bouteflika pressed the claims of the Sahrani people—as the area's inhabitants are known—at the recent Belgrade conference of non-aligned foreign ministers, and after talks with the French President in Paris on August 1 reiterated Algeria's backing for self-determination for them, something that is anathema to the Moroccans.

In Morocco, the pro-Government "Maroc Soir" wrote-off Mr. Bouteflika's trip to Paris as a "new Algerian manoeuvre based on peace blackmail."

The Moroccan Foreign Minister, Mr. Mohamed Boucetta, told me that "we will welcome everything which will be able to bring peace." But he went on to say that Morocco would never abandon any of the Saharan territory it gained in 1976. "It cannot be envisaged that Morocco could give up its territorial integrity or its rights," he said. "This point is fundamental."

Mr. Boucetta ruled out the idea of a referendum in Western Sahara, as impractical.

Some observers have suggested that a compromise solution could be found if Mauritania was prepared to hand over Tiris el-Gharbia, its sector of the territory, to Polisario.

But the idea of a Polisario "mii-state" is strongly opposed by Morocco. Mr. Abdeslama Znined, the Secretary of State in the Moroccan Prime Minister's office, told me that the creation of such a state was "excluded" and that he would favour "occupying" Thiris el-Gharbia if Mauritania's new military ruler, Lt.-Col. Moustapha Ould Mohamed Salek, tried to cede it to Polisario.

Mr. Boucetta was less forthright. He said that he could not tell the new Mauritanian Government, "a sovereign government of a sovereign country," what to do with Tiris el-Gharbia. But he said: "We cannot have elements in positions that could challenge our security."

If there was a "communist ideology" there, he added, "that would constitute a danger for own security and for our own values. We are a Muslimh people, every subversive or communist ideology in the region can constitute a danger."

There is no significant opposition in Morocco to the Government's stand on the Sahara problem. "The Moroccan people cannot accept any process whatever that challenges it territorial integrity," says Mr. Abdelrahman Bouabid, the Secretary-General of the main opposition party, the Socialist Union of Popular Forces.

But though public opinion here remains almost unanimously opposed to concessions to Polisario, the conflict has become increasingly costly for Morocco.

In Morocco's Saharan provinces there has been a virtual military stalemate for two years, while further south, in Mauritania, Polisario held the initiative until last month's temporary ceasefire.

During a recent three week tour of the Moroccan sector of Western Sahara, army officers told me that the vastness of the desert and the mobility of Polisario's Landrover-borne guerrillas have made it almost impossible for the Moroccans to eradicate their presence.

But it is equally impossible for Polisario to breach the elaborate defence systems on the outskirts of the territory's towns.

Beyond these "security cordons," no road transport is allowed except in heavily-guarded convoys, while mobile patrols, backed up by F-5 jet fighters, criss-cross the desert in search of Polisario.

The F-5 jets, which I saw at el Aaiun and Smara, are apparently being used in violation of the 1960 U.S.-Moroccan military agreement, which bars Morocco from using its U.S.-supplied military hardware beyond its borders.

The Moroccans find it difficult even to detect Polisario groups. The guerrillas are based much of the time in the relative safety of the rugged Guelta Zemour Massif near the Mauritanian border, from where they have raided exposed economic targets like Mauritania's vital iron-ore railway from the Zouerate mines to the port of Nouadhibou.

Another target has been the 100km conveyor belt which takes phosphates from the Bou-Craa mines to el Aaiun port. One of the control stations on the belt was successfully raided in mid-June and both the mines and the conveyor belt have been at a standstill since early 1976.

"It is hard to find the Polisario groups," says Col. Benani, the commander-in-chief of Morocco's forces in the Sahara, "as they are very small, just two or three vehicles. They come together into larger groups to mount attacks." He said that these normally took place after sunset, allowing the attackers to retreat under cover of night, dispersing in several different directions to avoid interception.

According to Col. Benani, Morocco now has 30,000 troops in Western Sahara, 10,000 along the southern stretches of the Morocco-Algeria border, and 9,000 in Mauretania. This is nearly half Morocco's total troops strength.

According to official figures combined expenditure on the ministries of defence and the interior—which is responsible for the auxiliary militia—increased from 2.5bn dirhams (or 15 per cent of the total budget) in 1975 to 4.7bn dirhams (or 27 per cent) last year.

This is a major drain or resources at a time when the Moroccan economy is also suffering a number of other pressures.

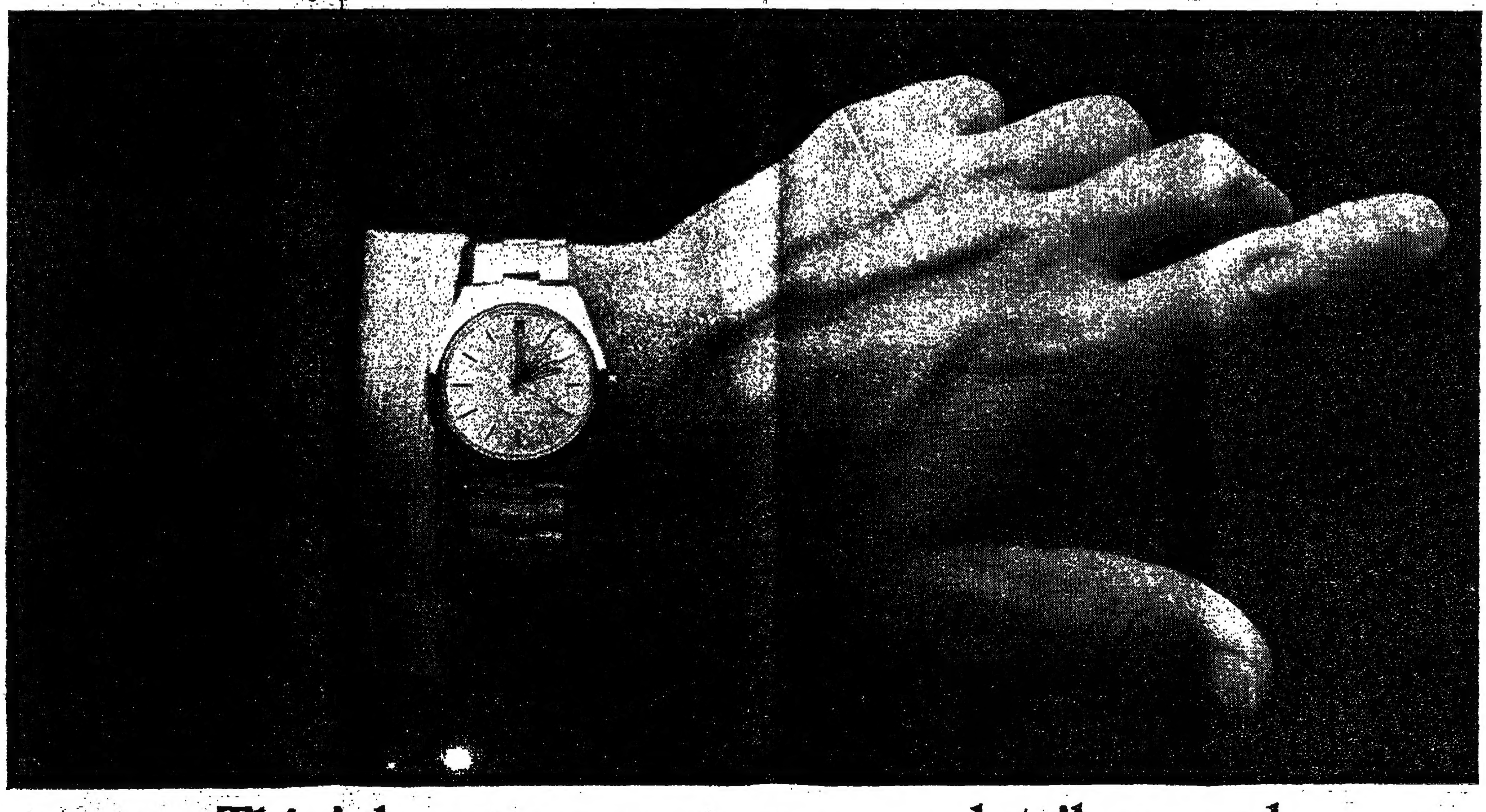
The import bill has nearly doubled since 1974, from 8.3bn dirhams to 14.4bn dirhams last year, while earnings from phosphates, the country's main export, have been in a trough since the collapse of the world phosphate boom.

The trade deficit has been widening alarmingly, from 852m dirhams in 1974 to 5.5bn dirhams last year.

The bulk of this deficit has been offset by foreign borrowing, but at the cost of increasing public external debt between the end of 1974 and the end of 1977, from 6.3bn dirhams to 15bn dirhams.

In June, King Hassan announced a three-year postponement of the launching of the next five-year plan, apparently because Morocco cannot afford to launch major new development projects and maintain its high level of military spending without dangerously raising the level of external debt.

Morroco's high population growth rate (3 per cent a year), the drift of rural Moroccans to the shantytowns on the outskirts of the overcrowded cities, rising unemployment (with only 12,489 jobs created last year) and inflation (4.9 per cent in the first quarter of this year) could lead to serious social conflict.



AMERICAN NEWS

Setback for Carter as petrol use hits record

By David Lascelles

NEW YORK, August 16.

PRESIDENT CARTER'S attempts to get Americans to use less oil received a setback today with news that consumption of petrol for cars reached record levels last month.

According to figures produced by the American Petroleum Institute, US vehicle owners consumed just over 8m barrels a day. This was four per cent more than in June and nearly eight per cent more than in July last year. The British attributed this in part to the 1.4 per cent increase in July sales of new cars, and to the sharp 27 per cent rise in sales of new trucks.

The figures also suggest that Americans are moving about much more now that they are driving cars which use fuel sharp rise in petrol consumption coincides with a boom in air travel, which could cause higher consumption of aviation fuel.

However, there was good news for Mr. Carter as well. he institute reported that the decline in oil imports noted in the first half of the year persisted into July. Total imports of crude oil and petroleum products fell about 13 per cent from last year's figure to an average 7.3m barrels a day. So far this year, these imports have averaged 7.8m barrels a day compared with just over 9m barrels a day in the first seven months of last year.

The institute said this drop was mainly due to the higher flow of Alaskan oil. Imports accounted for 41 per cent of the total U.S. supply last month against 47 per cent last year.

The question now is whether lower imports can be sustained for the rest of the year. The feeling among industry observers is that the drop in stocks which resulted from the hard winter will lead to higher imports as inventories are built up again. The Government's aim of increasing the strategic petroleum reserve to 125 barrels by the end of the year and 500m barrels by 1980 will also increase demand.

The strategic stockpile is to be stored in abandoned salt mines in Louisiana and Texas. However, the General Accounting Office today questioned the safety of six of the 19 proposed storage caverns on the grounds of geological unsuitability. It fears the oil could wash out the caverns and cause the ground to collapse.

Quakers to sell off stock with South African links

BY JOHN WYLES

NEW YORK, August 16.

EQUITY INVESTMENT in U.S. companies operating in South Africa has come under attack from the Quaker group, American Friends Service Committee, which has decided to liquidate its shareholdings in 15 corporations with South African interests.

The committee's decision gives further impetus to forces which have been gathering strength over the last few months, and which advocate the withdrawal of U.S. companies from South Africa because of its racial policies. The University of Massachussetts has decided to sell its holdings in 20 companies, while the University of Columbia drew back from this sanction by warning that it would not invest in companies which provide capital for the South African. Government. nor in corporations which are indifferent to South African "repressive policies."

Both universities were responding to student pressure but religious organisations have been more unsure of the path to be taken and most have been urging corporations to abide by the statement of principles devised last year by the Rev. Leon Sullivan, a Baptist Minister who is a director of General Motors. Some 103 companies have now ascribed to his principles, which are devoted to improving the pay, working conditions and employment rights of South African blacks.

But Mr. John Sullivan, associate executive secretary of the American Friends Service Committee, said in Philadelphia today that the Quakers were "concerned about the extent to which American companies can do anything significant under South African laws. We do not see the Sullivan principles as offering a serious challenge to the Apartheid system."

He hoped that the Quakers' decision would persuade some American companies to withdraw from South Africa. It was not a normal expectation that companies should be responsible for what happens in host countries, but the Friends Committee believed that South Africa was a special case "because it is the only country which legalises racism in its laws and regulations."

The value of the stock being sold off by the Quaker group amounts to a modest $1.3m out of a total investment portfolio valued at $27m.

The committee's funds are derived from pension contributions by its 500 employees, endowments and bequests and unexpended funds. The committee was founded 61 years ago to help conscientious objectors serve the national interest in the First World War and is now devoted to furthering international peace.

The sale of its investments started last month at about the same time that the South African Council of Church called for a radical revision of investment policies by foreign Governments and corporations.

Executive pay 'rose 13%'

BY JOHN WYLES

NEW YORK, August 16.

SALARY AND bonus increases to senior executives of the top 100 U.S. industrial companies ran well ahead of the inflation rate last year, with median total compensation rising by 13 per cent.

This is one of the principal findings of a survey conducted by the international management consultants. Towers, Perrin, Foster and Crosby. A study of the 1978 proxy statements of the largest industrial companies revealed that the range of payments last year to chief executive officers ran from $207.000 to $922.000, with the median totalling $471.000.

Median increases for the second highest paid executives were 11 per cent, bringing total compensation to $327,000, while the third highest paid executives gained a 15 per cent pay rise and moved their median total to $273,000.

These increases were granted against the background of a 5.9 per cent increase in the consumer price index and first-year pay rises, won through collective bargaining settlements ,of between 7 and 8 per cent: Many of the large industrial companies featured in the survey have given undertakings to the Carter administration to curb executive pay rises during this year, in a move to curb inflation and to influence trade unions to decelerate pay rises.

Bonus or incentive plans were employed by 96 of the companies, but the specific amount of bonuses paid were reported by only 67. Among these bonuses to th eto hertpecm cm bonuses to the top three executives was a high of $600,000 and, among chief executive officers, the median bonus accounted for 65 per cent of salary. Significant factors which affected total payments to chief executive officers included the company's return on equity, its sales, labour force and the age of the executive. Thus, companies with annual sales of more than $16.6bn paid their chief executives between $427,700 and $982,400. The range among smaller companies, with sales of $2.2-2.5bn was $217,500 to $605,800.

Executive fringe benefits most frequently reported to the Securities and Exchange Commission included financial counselling and estate planning, income tax preparation, personal use of company cars, payments of private club fees and dues, personal use of company aircraft, annual medical examinations and supplemental medical and life insurance coverage.

Congress discipline threat

BY DAVID BUCHAN

WASHINGTON, August 16.

THE U.S. Agriculture Secretary Mr. Bob Bergland, has threatened to resort to "old line" political techniques to discipline Democratic Congressmen who take what he called "cheap shots" at the administration.

Mr. Bergland said yesterday that, after the Congressional elections in November, the administration might start to displace political appointees who had been selected on recommendations from offending Congressmen.

This tougher line would square with the more aggressive approach that the President has been taking recently with Congress, criticising it for failing to take action on many of his proposals.

Mr. Bergland's staff said today that the Agriculture Secretary was only making the threat on behalf of himself and his own department. They pointed out that the department employed several hundred people in various states who had been chosen on recommendations from Congressmen. Mr. Bergland said that he already had a list of "about 15" Congressmen who he thought might warrant some discipline.

Stressing that the voting record of a Congressmen or Senator would not be grounds for action by itself. Mr. Bergland commented, "this is not reprisal, but old-fashioned political discipline."

James Earl Ray takes the oath before testifying at a Congressional Committee hearing in Washington yesterday.

Ray says he did not kill King

BY OUR OWN CORRESPONDENT

WASHINGTON, August 16.

JAMES EARL RAY, serving a 99-year prison sentence for the murder ten years ago of the black American civil rights leader, Dr. Martin Luther King, today testified under oath to the House of Representatives Special Committee on Assassinations, that he did not kill Dr. King.

Ray, the star witness of the committee's investigations, had confessed to the murder, but now claims that he was coerced by his former lawyers into pleading guilty. Ray, who escaped from jail in Tennessee but was later recaptured, appeared before the Committee today under heavy guard.

His testimony follows evidence taken yesterday from a forensic expert that the shot which killed Dr. King did not necessarily come from the motel room in Memphis in which Ray was staying, at the time of the murder.

The Committee was also told this week by one of Dr. King's close associates, Dr. Ralph Abernathy, that more than one person might have been involved in a conspiracy to kill Dr. King.

Ray's present lawyers contend that there was a conspiracy by the Federal Bureau of Investigation to assassinate the civil rights leader.

The committee, led by a black Congressman, Mr. Louis Stokes, has been conducting a two-year investigation into the assassinations of Dr. King and President John Kennedy, with the aim of allaying the widespread misgivings among the public that the full truth has not been told about both events. Conspiracy theories have alleged that more than just Ray and Lee Harvey Oswald, who is said to have killed Kennedy, were involved in the killings.

But the committee investigation, which has already cost $4m., has seemed to throw up more questions than it has answered, amid accusations from some quarters that the committee is as interested in the considerable publicity which the investigation has aroused as it is in getting at the truth.

The chances of establishing the truth after ten years, in the case of the King murder, and of 15 in the case of the Kennedy assassination, are not good. The hearings could result in a re-trial of Ray, who has been demanding this. But hitherto he has refused to give investigators proof of the conspiracy which he alleged until after he had secured the promise of a re-trial.

Peru mine strike endures

LIMA, August 16.

THERE CAN be no solution to the 12-day-old strike of Peruvian miners, unless the government and private companies agree to re-engage 320 miners fired after earlier stoppages, a miners leader said today.

Sr. Victor Cuadros, secretary-general of the National Federation of Miners and Metalworkers, also said that miners flatly rejected an offer by the foreign mining company, Southern Peru Copper Corporation, to indemnify dismissed workers.

The company which owns two of the most productive copper mines in the country, Cuajone and Toquepala, said that it was ready to pay 120 miners fired from Toquepala last year their monthly wages for the next four years, or until they found new jobs. But Sr Cuadros said the offer had been rejected by the federation.

The strike has brought the Peruvian mining industry, which accounts for about 70 per cent of national earnings of foreign exchange, nearly to a standstill.

Miners are also demanding the repeal of a two-year-old government decree which declared the mining industry to be in a state of emergency and banned strike action.

The stoppage is affecting seven big copper mines, as well as the refinery at La Oroya which produces lead, silver, zinc and other metal. Partial force majeure has already been declared on delivery of some refined metals.

Workers at the state-owned Cerro Verde mine joined the stoppage yesterday.

The Marcona iron ore mines, some 400 kilometres south of here, are also at a standstill, according to official sources.

Sr. Cuadros, who was elected to the new constituent assembly in June, and enjoys parliamentary immunity, was fired from Toquepala a year ago for his alleged part in a previous stoppage.

Reuter

U.S. COMPANY NEWS

National Airlines moves to block Texas International bid; SCM awarded further $25m damages against Xerox; United Brands profits surge—Page 22

Women's rights amendment given more time

By Our Own Correspondent

WASHINGTON, August 16.

TO CHEERS from women's rights activists in the gallery, the House of Representatives last night voted to give them another 39 months in which to try to get the Equal Rights Amendment (ERA) adopted into the U.S. Constitution.

Without the extension, supporters of the controversial ERA would probably fail to get the necessary 38, or two-thirds majority, of all the states. Their approval is needed for the amendment to become part of the constitution. The normal seven-year period for proposed constitutional amendments would expire for the ERA next March, with only 35 states so far having voted for the ERA.

The House approved the extension by a comfortable margine, and also defeated a bid to allow states which had previously supported the ERA to rescind approvals. But a majority in the Senate ,to which the issue of ERA extension now passes, is known to be opposed to the amendment.

Advocates of women's rights maintain that, because there is no such amendment, the Supreme Court has never ruled definitely that sexuality can be a ground for positive discrimination.

Kidnap search widens in El Salvador

SAN SALVADOR, August 16.

EL SALVADOR security forces have launched a wide-scale search as far as the Guatamalan and Honduras borders for the Swedish telecommunications executive, Mr. Kjell Bjoerk, and the people who kidnapped him, police said today.

Checkpoints have been set up in the capital and other from the unidentified kidnappers, who snatched Mr. Bjork from his office at gunpoint on Monday evening. Police do not yet know whether the kidnappers are guerrillas or criminals.

Mr. Bjoerk, 37, has been based here for five years as the head of the local subsidiary of the L. M. Ericsson group. He is the third executive to have been kidnapped in recent months.

A Japanese businessman, Mr. Fujio Matsumoto, was captured by left-wing guerrillas on May 17, and is believed to have been killed. A local coffee merchant, Sr. Tomas Armando Monedero, was kidnapped last Thursday.

Reuter

WORLD TRADE NEWS

Iranian contract for NEI

BY MAX WILKINSON

NORTHERN Engineering Industries has won a £4m turnkey contract for equipment for a new railway carriage factory to be built in Iran.

This is the first contract to be won by a newly formed projects subsidiary, which NEI set up specifically to design complete systems for process engineering.

The company believed that such projects could become an important growth area following the merger of the electrical group Reyrolle Parsons with the Gateshead mechanical engineering company, Clarke Champan, to form NEI.

After the merger last year, NEI said it hoped to be able to combine the capabilities of the electrical and mechanical engineering companies to create the ability to tender for turnkey projects.

The Iranian contract, awarded to NEI Projects (Process Engineering), is the first fruit of this new policy. It was placed by Machine Sazi Arak which is building a railway carriage works for Karkhaneh Wagon Sazi, owned by the Iranian state industrial development corporation.

The NEI projects company will manage the supply, installation and commissioning of mechanical and electrical plant including boilers, controls, switchgear, pipework fuel oils and water supply and services.

The contract, expected to last 18 months, includes provision or the training of Iranian plant workers.

NEI Projects is also handling several other contracts which it took over from other parts of the NEI group. They include plant for British Steel and projects in Bahrain, Qatar and Libya.

● American Bell International, a unit of American Telephone and Telegraph, won an additional $191m contract from the Iranian Government to continue work on Iran's telecommunications system.

Soviets place orders for oil equipment with U.S.

BY DAVID SATTER

MOSCOW, August 16.

THE SOVIET UNION has bought steam-injection oilfield recovery equipment. In a $27.5m package deal signed by the Machinoimport foreign trading organisation with Struthers Wells of the U.S.

The sale involves 15 steam generators with capacities of 10, 40 and 60 tonnes per hour and an 11.3m litre per day desalting plant designed to purify water from the Caspian Sea.

The desalination plant is to be built by Water Services of America and will make use of E. I. Dupont de Nemours reverse osmosis technology. The equipment is to be delivered to two oilfields in Siberia and near the Caspian Sea during the course of the year.

The deal comes amid a boom in Soviet purchases of U.S. oil and gas equipment inadvertently highlighted by President Carter's short-lived move to block the $144m sale by Dresser Industries of a plant for making oil well drill bits in protest against the trials of Soviet dissidents.

U.S. commercial sources estimate that contracts for more than $200m worth of U.S. oil and gas equipment have been signed so far this year. This figure will almost certainly increase when an expected contract for installing gas lift oil extraction equipment at the giant Samotlor oil field is signed in the next few months.

The Soviets have previously relied heavily on water injection recovery methods and their oil wells are believed to be badly flooded. The Struthers Wells contract for steam injection recovery equipment and the negotiations for the installation of gas lift recovery equipment at Samotlor, which is now expected to be worth about $200m in the first stage, reflect the need to improve extraction efficiency.

Texas International Skytop-Brewster division has signed a contract valued at $15m for the delivery of ten oil rigs, seven of them to be delivered by the end of this year and three by the middle of 1979. The rigs will carry out sub-surface repairs of existing NG wells and complete other wells to a depth of 6,000 meters. Texas International and Baker Trading have also reportedly won an option for five more rigs with a value of $7m.

The equipment is to be delivered to two oilfields in Siberia and near the Caspian Sea during the course of next year.

● Demag subsidiary Demag-Meer had obtained a contract to supply Poland with a pipe production line with an annual production capacity of between 500,000 and 600,000 tonnes. It will provide the main plant and undertake the engineering while Polish concerns will carry out electrical and other work.

The total project, including the Polish supplied share, will be worth around Dm 380m.

China buys Toyota microbuses

BY OUR OWN CORRESPONDENT

TOKYO, August 16.

CHINA HAS ordered 670 air-conditioned tourist microbuses from Toyota Motors and an unknown number from other Japanese motor manufacturers.

The buses are to be used for ferrying tourists — mostly Japanese — around a sharply increased number of sightseeing spots in China. Tourism is expected to boom in the wake of the Japan-China peace and friendship treaty signed last Saturday.

The number of Japanese tourists going to China is expected to rise to 30,000 this year and 50,000 next year. China is said to be ready to increase the number of Chinese sightseeing spots for foreign tourists from 30 to 80.

Mr. Seishi Kato, president of Toyota Motor Sales, said that the Chinese were given a substantial discount on the buses as a prelude to negotiations for other major export orders. These include the export of equipment and parts for a heavy truck plant planned by the Chinese. Mr. Kato added that the profit on the exports deal was negligible.

China is said to have purchased only an average of 20 Japanese microbuses a year in previous years. But the Japanese hope that microbuses exports to China will now become a large-scale industry. Each vehicle reportedly sells for Y2.5m ($13,500).

The Japanese Press also reported today that Japan and China have agreed on technical co-operation for improvement of China's railroad system.

China has an ambitious railway development plan calling for a doubling of railway transportation capacity in three years, reportedly beginning next year, and for electrification of all trunk lines.

Japan previously sent consultants to advise Peking on its plans and this initiative is expected to lead to major imports of Japanese railway equipment.

Japan's further help will be officially called "railway technology exchange," although in substance it will be similar, though on a larger scale, to Japan's technological aid to other developing countries. Peking continues to maintain its policy of refusing overt foreign aid.

Meanwhile it is reported here that Chinese scientists are to attend a meeting in Tokyo later this month which will also be attended by a Taiwanese delegation. Until recently the Hua Kuo Feng Government has maintained a policy of boycotting meetings that were attended by Taiwanese, but officials of the Chinese embassy in Tokyo say there is no problem in sending a Chinese delegation to the 19th International Conference on High-energy Physics because the Taiwanese are attending in a private capacity.

Prestel sold to Hong Kong

By John Lloyd

HONG KONG is to buy Prestel, the Post Office viewdata system. The contract, which is not yet signed, will be worth under £1m.

Prestel—re-named from Viewdata because of copywright difficulties—enables computer-stored information to be displayed on modified television sets. A limited public service is timed to begin in the UK at the beginning of 1979, after some delay.

The package to be sold to the Hong Kong Telephone Company will be the Prestel test service software. This package is designed to support a full-scale public service on the same model as the UK. The company is negotiating separately with GEC for the supply of a series 4000 computer which would be the base for a viewdata service.

A limited test service has already been hown in Hong Kong via a link between the colony and the Post Office Research Centre in East Anglia. Demonstrations were made to a number of Hong Kong businessmen.

Hong Kong is the third country to buy the Prestel software, following West Germany and the Netherlands.

UK exports to W. Germany rise

BY JONATHAN CARR

BONN, August 16.

THE VALUE of British exports to West Germany—in Deutsche-Mark terms—increased by nearly one-fifth in the first half of this year against the same period of 1977. This is faster than the growth rate of German exports to Britain—though a big visible trade surplus in Germany's favour still remains.

According to official German statistics abstracted by the British Embassy here, imports from Britain in the first half were worth DM5.8bn against DM4.8bn in January-June, 1977—an increase of 19.9 per cent. Exports to Britain were up by 18.5 per cent to DM8.2bn.

The figures show how substantially North Sea oil has contributed to the result. British exports of crude petroleum to Germany were up by no less than 64.5 per cent in the first half to DM614m (while Germany's total imports of oil during the same period actually declined in value by nearly 19 per cent).

If oil is excluded from the calculations altogether, British exports of all other goods to Germany rose by almost 16.1 per cent in the first half-year to DM5.1bn.

This growth rate is slightly higher than the average for the same export goods to Germany achieved in the whole of 1977. It is also much higher than the rate of increase of all German imports in the first half of this year—up by 3.5 per cent when oil is included, by 5.9 per cent when it is not.

Sugar dumping claim probe

WASHINGTON, August 16.

THE TREASURY said it had begun an anti-dumping investigation of imports of sugar from Belgium, Germany and France, which totalled $10.4m last year.

The Treasury said the Florida Sugar Marketing Terminal Association alleged that sugar from those countries was being sold in this country at lower prices than in the home markets.

AP-DJ

Indonesian smelter finance

TOKYO, Aug. 16.

JAPAN AND Indonesia have agreed additional investment and finance to cover a fund shortage of about Y161bn in a joint hydro-electric and aluminium smelting project in North Sumatra, Japanese Trade Ministry officials said.

The Indonesians agreed to raise their 10 per cent stake to 25 per cent through additional investment, the officials said, without elaborating.

The rest would be covered by a Y95.1bn loan from a syndicate of Japanese banks, including the semi-official Export-Import Bank of Japan, a Y35.5bn loan from the Overseas Economic Co-operation Fund, and a Y14.5bn finance from the Indonesian Government, they said.

The agreement followed a meeting here yesterday between Japan's International Trade and Industry Minister, Toshio Komoto, and Indonesian Industry Minister Rauf Soehoed, they said.

Building costs were originally estimated at Y250bn, but this increased to Y411bn following a sharp rise in material and labour costs after the 1973 oil crisis, they added.

Japan currently has a 90 per cent stake in the project at Asahan, involving five aluminium smelters, seven trading companies and the Government's overseas economic co-operation fund. The other 10 per cent is owned by the Indonesian Government.

Reuter

India pledges 'flexibility'

By K. K. Sharma

NEW DELHI, August 16.

INDIAN MINISTERS have assured West Germany's Economics Minister, Dr. Otto Graf Lambsdorff, that the Foreign Exchange Regulation Act would be applied "flexibly" and have conceded two demands made by him.

Dr. Lambsdorff said at the end of his stay here that the Government had assured him that in the event of equity dilution by West German firms (or sale of shares to Indians) any differences over the market value would be settled by discussions and no unilateral action would be taken. He was told permits for foreign technicians would be given speedily and that red tape would be eliminated.

Suntory scotches British imports

BY ROBERT WOOD IN TOKYO

SUNTORY, Japan's giant whisky is succeeding in its efforts to keep Scotch whisky importers a marginal factor in Japan's whisky market, the second largest in the world.

The British whisky industry, led by the giant distillers company (DCL), traditionally has exported its many brands through trading companies, hoping competition between them would build an image of quality for "scotch." No British whisky company has its own directly employed representative in Tokyo.

The strategy does not work well in Japan, however, where the local whisky giant holds 65 to 70 per cent of a very rapidly growing market, and the advertising and promotion of Scotch has become a confusing babble submerged under the lavish and well-co-rdinated media campaign for the 14 brands of Suntory.

In volme terms, consumption of Scotch whisky in Japan is quite substantial. The Japanese spent £40m on importing it last year, making whisky Britain's second ranking export to Japan after machinery.

But more than half is imported in bulk, primarily as an ingredient for Suntory's blends. The market share of whiskies blended and bottled in Scotland was only 7.1 per cent last year.

Not even Suntory men claim the phenomenal success of their products in this market is due to their quality. Japanese producers can legally call anything whisky that contains at least 10 per cent "genshu." As is typical under Japanese law, the definition of "genshu" is vague, but Scotch whisky traders argue that any whisky made from grain could probably be considered "genshu."

The remaining 90 per cent of the liquid in cheap Suntory whiskies can be potato or molasses liquor, or neutral spirits. Scotch whisky must be pure malt and grain whiskies, aged for at least three years in wood.

"Technically, the cost advantage (of allowing neutral, unaged spirits in whisky) is enormous," said a Scotch trader. Suntory Red, the company's second best-selling brand, sells for Y620 ($3.30), including about 30 per cent tax.

Nowadays, however, the company's largest selling brand is "Very Rare Old Suntory Whisky," known throughout Japan simply as "Old." It is "special class whisky," and is required by law to contain at least 30 per cent "genshu." It sells for Y2,350.

Other Suntory brands sell for as much as Y50,000 a bottle, but British whisky salesmen in Tokyo believe that all high-priced Suntory products depend for their flavour on whiskies imported from Scotland. They do not necessarily support efforts to ban British export of bulk whiskies to Suntory.

They note that the Japanese could probably find ways around a whisky export ban. However, they say Suntory's reliance on Scottish sources clearly proves that Scotch whiskies have a cost advantage over Japanese-made whiskies of comparable quality.

Suntory's strength is in marketing. It is one of Japan's largest television advertisers. Its army of salesmen know each store and bar well. It is able to make sure that each Suntory brand sells at a fixed price throughout Japan.

Meanwhile, Scotch whiskies compete mainly against each other. Each brand's distributor finances its advertising campaign from its current whisky sales income — which is not very large for any of them. The Distillers Company depends entirely on information from its numerous agents and from the British Embassy in Tokyo.

A joint advertising campaign by all Scotch whisky agents in Japan has been discussed, but only casually. The Scotch whisky market in Japan is one of few £40m markets in the world whose dominating company (Distillers) does not maintain a full-time representative there.

Scotch whisky sales rose rapidly in Japan after 1972 when imports were liberalised and prices declined. They increased more than 10 times between 1970 and 1974. But Scotch whisky agents are convinced that their inability to maintain a standard — and preferably high — price for their product has been a cause of stagnating sales since then.

The exorbitant prices for Scotch before liberalisation were the best possible advertisement for its quality. Now that some brands of Scotch — often imported without authorisation through Hong Kong trading companies — are available in supermarkets at prices below those of Suntory Old, the mystique of Scotch has been weakened. Scotch sales have grown only 19 per cent since 1974, while sales of "special class" Japanese whiskies have grown 28 per cent.

Some whisky traders tend to assume that the Japanese whisky drinker is an irrational consumer. But no one in the Scotch whisky industry can claim to understand the Japanese drinker, because no one except Suntory has taken extensive market surveys.

No one claims the Japanese market is closed to Scotch whisky any more. Taxes on a bottle of Scotch are comparable to those on a bottle of Suntory "Old." The market is difficult, however. For quality whisky, it consists of two segments: bars and gifts.

The bar trade is difficult because of the practice of offering only one or two brands in each bar. There is tremendous corruption in deciding which brand will be sold in each bar.

The gift trade is difficult because of the Japanese tradition of viewing a gift as a kind of repayment for past kindness. Gift purchasers want to be certain that the value of their gift will be recognised. Suntory's nearly flawless retail price maintenance makes that easy.

Penetrating the market is not impossible, however. White Horse, a Distillers brand sold through Jardines, has achieved good sales growth with a consistent marketing policy that has included distribution of White Horse T-shirts and careful cultivation of Japanese bar operators.

Just a short jog from the factory

The suburban evenings are filled with furtive joggers.

At Skelmersdale there's no need to hide from the peeping suburban crowds. There aren't any. Just clean, sweet country air a few miles from industry and motorway. The traffic-free drive is good for your blood pressure. The friendly co-operation is good for your peace of mind. And the cost of a home, or a factory is good for your bank balance.

Make tracks to Skelmersdale for your next commercial or industrial development and a healthier way of business life.

Skelmersdale

The experienced one

Skelmersdale Development Corporation,
Pennylands, Skelmersdale,
Lancashire WN8 8AR.
Telephone Skelmersdale 24242
STD Code (0695) Telex: 628259

Commercial vehicle sales remain high in July

BY MICHAEL CASSELL

THE BUOYANT pattern of commercial vehicle sales in the UK continued in July, but imports failed to take as great a share of the market as in previous months.

Figures published yesterday by the Society of Motor Manufacturers and Traders confirm that the recent expansion of the commercial vehicle market is being maintained, although the rate of growth has apparently slowed down.

Registrations in the commercial motor sector reached 17,473 in July, up nearly 13 per cent on the same period in 1977. In June, registrations had risen by 21 per cent over the same month last year.

Over the first seven months this year, sales totalled 147,861, a rise of just over 14 per cent on January-July last year.

The society calculates that importers took 16.6 per cent of the July market against 21 per cent in the previous month. In the previous July foreign manufacturede vehicles took just under 11 per cent of the market.

Over the first seven months of this year, the importers' share was 21.2 per cent, compared with just under 15 per cent in the corresponding period of 1977.

Ford took the biggest share of the commercial market last month, with nearly 36 per cent of sales, although it was also the largest importer, bringing in vehicles from Holland and Spain.

Total BL sales accounted for just over 22 per cent of the market, with Bedford taking nearly 19 per cent and Chrysler 6.6 per cent.

Ford led the market in the light, middle and heavy ranges, while BL dominated the four-wheel dirve and bus and coach sectors.

Other figures published yesterday by the society showed that weekly car production by BL in June, when the industry's total output reached 122,000, fell to an average 10,567, compared with 12,112 a year earlier.

The company last night blamed the poor performance on the end of production at its Speke, Liverpool, factory.

Ford, the market leader, produced an average of 9,198 cars a week in June, against an average 5,846 a year earlier.

Weekly average production at Chrysler fell to 2,951, against 3,598 a year before, while Vauxhall's weekly output dropped to 1,612, compared to 1,792 in June 1977.

Smelter may get £20m redesign

BY ROY HODSON

BRITISH ALUMINIUM is considering investing £20m to modernise its smelter at Lochaber in the Scottish Highlands.

A project team, expected to report within six months, is studying the possible reconstruction of the plant to cut down fumes, improve working conditions and increase efficiency in the hydroelectricity-powered smelter.

British Aluminium's pre-tax profits for the half-year to June 30, announced last night, rose to £12.65m, compared with £10.12m in the previous half-year. But they were slightly down on the £13.9m pre-tax profits achieved in th efirst half of 1977.

The company is interested in eventually expanding its biggest most modern smelter at Invergordon if a further deal for cheap base-load electricity can be agreed with the Government. Meanwhile it is concentrating on modernising the two older hydro-electricity-powered smelters in the Highlands, Lochaber and Kinlochleven.

It should prove possible to reduce the level of fumes in the *cell rooms* at Kinlochleven by improving the smelting process.

The Lochaber plant, which is built to a different configuration, is likely to be converted to the prebaked anode smelting system, in use at Invergordon and the other big modern British smelters at Anglesey (Anglesey Aluminium) and Lynemouth, Northumberland (Alcan).

World demand for aluminium has been picking up in recent months, led by the U.S. market. British Aluminium believes the *recovery is likely to continue into* the second half of the year.

British consumption of semi-fabricated aluminium improved by 14 per cent in the first half of this year compared with the slump in demend in the second half of last year. But British Aluminium last night was pointing out that stock changes were having a significant effect upon figures. The company estimates that there has been little change since the beginning of last year in the actual consumption of aluminium by industry in Britain.

Fewer managers leaving UK to seek big cash rewards

FINANCIAL TIMES REPORTER

THE NUMBER of managers leaving Britain in search of large salaries has fallen sharply this year, according to two surveys by management consultants, published this week.

The MSL Overseas Index for the second quarter is 24 per cent below the same quarter last year and 13 per cent down on the first quarter this year. That means that overall the overseas demand for managers and technical ad professional executives in the UK has fallen 22 per cent in the first six months of this year compared with 1977.

Latest figures from the executive search consulting firm Korn/Ferry International confirm those findings. It reports: "The number of executives wishing to relocate overseas fell to its lowest level since January 1976. The number of executives returning to the UK were double those expressing a specific desire to leave."

The company comments that the trend marks and end to the "detrimenttal" loss of talent abroad.

MSL, which monitors executive jobs advertised for overseas appointments in the UK national and technical Press, notes that the number of jobs advertised in the second quarter of 1978 was 2,822, compared with a quarterly average of 3,856 in 1977.

However, the Middle East continues to make increasing demands on U.K. management and accounts for half the requirements for British management skills. Australasian and U.S. demand for British managers is also still on the increase, MSL says. In contrast, the demand for British managers by Western European countries has fallen by half on last year's figures.

As far as the UK is concerned there would appear to be greater demand for top managers and executives, while such people seem more mobile.

The Korn/Ferry study reports an increase in executive tives are aware of the opportunities to seek greater rewards.

The Lock Management Personnel Group, reporting on the "increasing demand in the past 18 months for new management talent throughout British industry."

Pensions financing switch 'not desirable'

A SWITCH in the financing of pensions, away from pre-funded schemes and towards a pay-as-you-go basis, would produce limited economic benefits and possible disadvantages. So says the Treasury in written evidence to the Wilson committee, which was published yesterday.

There is, according to the Treasury, little to be said for making a change.

A switch to a pay-as-you-go basis, the Treasury points out, would not itself make any addition resources available to the economy. It would, however, initially at least, involve changes in relative incomes in different parts of the economy, in relative prices and in financial flows; and this would raise demand and lead to some increase in the level of economic activity.

The treasury warns that the effect of a switch to a pay-as-you-go basis, like a cut in taxation or an increase in public psending, would not necessarily fit in with the needs of the economy at the time.

The initial savings on a switch to a pay-as-you-go basis might, *the Treasury says, be deployed* in three ways. They might be used to boost the employers' retained profits—in which case, if the switch applied to funds within the public sector only, the public sector borrowing requirement would go down, but the cost of private-sector capital (supply of which would be reduced by cessation of the public sector pension funds' cash flow) would rise.

Possible use

They might be used to keep down the costs of goods and services, such as those supplied on the rates. In this case, says the Treasury, real disposable income would rise, the balance of payments would deteriorate, and there might be some increase in company profits and thus in the level of investment.

Or they might be used to increase wages and salaries, or reduce pension contributions. In this case, the Treasury believes that the "considerable" impact on wage differentials "could *have a disturbing effect on wage negotiations.*"

The Treasury paper is a companion piece to evidence to the committee by the Government actuary's department on the various methods of financing occupational pension schemes. This was published at the end of June.

Marks and Spencer starts credit scheme

BY OUR CONSUMER AFFAIRS CORRESPONDENT

MARKS AND SPENCER is for the first time planning to introduce a credit scheme for customers.

The company has been reluctant to offer extended credit schemes before and does not accept any of the major credit cards. But the consumer spending boom has prompted it to start a trial project from the beginning of next month on the effectiveness of a credit scheme for customers.

The company may have lost sales volume because of its no-credit policy which particularly hits women shoppers who are unable to obtain credit facilities from banks.

From September 1, therefore, customers at six stores in the south-east will be able to apply for continuous credit up to 30 times a monthly subscription. They will be issued with a cheque book and identity card and can use them in any Marks store in the UK. Each cheque is valid for up to £50, although customers can use two or more cheques to cover larger purchases.

The scheme is being operated by Citibank Trust, a consumer finance company and subsidiary of Citibank, the world's second largest commercial bank.

Interest is payable on the outstanding balance in the customer's account, calculated at the monthly rate of 1.65 per cent when payment is by banker's order or 1.85 per cent when by paying-in book. There is a cheque handling fee of 10p per cheque. Accounts in credit will be paid interest at 5 per cent a year.

Thatcher determined to regain Berwick

BY RAY PERMAN, SCOTTISH CORRESPONDENT

CONSERVATIVE DETERMINATION to retake the marginal *constituency of Berwick and East* Lothian, where a by-election is pending after the death of Prof. John Mackintosh, Labour MP, was underlined yesterday with the announcement that Mrs. Margaret Thatcher will visit the area at the end of this month.

The writ for the by-election cannot be moved until Parliament re-assembles in October. It will not be moved at all if the Prime Minister decides on an autumn election.

The seat was captured by the Tories in February, 1974, but lost again in October, when the Labour majority was 2,740. However, the result could depend on the size of the Liberal and Scottish National Party votes, and whether the new Labour candidate can inherit Prof. Mackintosh's strong personal following.

The Conservative leader will visit the neighbouring constituency of Roxburgh, Selkirk, Peebles, seat of Mr. David Steel, Liberal leader, and address Young Conservatives in Glasgow.

Labour expects to choose its candidate for Berwick and East Lothian early next month, but already Mr. Robert Maxwell, chairman of Pergamon Press, has announced his intention of running for the candidature. He has written more than 30 letters to nominating organisations asking for support.

Two Scottish Nationalist MPs, Mr. *Douglas Crawford (Perth* and East Perthshire) and Mr. Douglas Henderson (East Aberdeenshire), called yesterday for the setting-up of a venture capital wing of the Scootish Development Agency with an annual budget of £20m to £30m. Its purpose would be to stimulate the creation of companies within Scotland and could become self-financing within a few years by selling its stake in successful ones.

Mr. Crawford said that the days of footloose industry looking for sites to build new plants were over.

Richard Evans writes: Mrs. Thatcher's visit to Scotland, together with a fact-finding day in north Kent marginal constituencies on Monday, is regarded as the start of intensive pre-election political activity by the Conservative leader.

Mr. Steel is concenertating this week on his border constituency and is visiting local industries each day. His campaign proper will start when he winds up the Liberal assemly in Southport, being held from September 11 to 16.

Mr. Callaghan, holidaying on his Sussex farm until after the bank holiday, is believed to be deciding whether to go for an October poll.

End parking meters, says RAC

By Paul Taylor

THE ROYAL AUTOMOBILE Club yesterday called on local authorities to abandon parking meters in favour of other forms of parking controls.

A survey published by the RAC shows that motorists have spent almost £56m in parking metre fees since they were introduced in 1958.

The survey also shows that most London boroughs subsidise the meter system and only Westminster, Kensington and Chelsea, Camden, Croydon and the City make a surplus on meter accounts.

In many areas, in spite of vast meter revenues, operating costs are so high that ratepayers are having to make u pthe deficit.

The Birmingham, Wolverhampton and Liverpool areas all lose money from parking meter schemes and in Newcastle the cost of vandalism to meters is estimated to be £3,000 per month.

The RAC suggests that local authorities should follow the *example of authorities like* Cheltenham, Oxford, Carlisle, Birkenhead, Ripon, Harrogate and Guildford in adopting parking discs or other means of street parking controls.

Personal savings level likely to remain high

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of personal savings may remain high in historic terms for some years yet, according to a new analysis of the determinants of consumer spending published by the Treasury yesterday.

This reveals how the Treasury forecasting model of the economy now takes into account personal wealth as well as personal income, reflecting the theory that consumers may save more to restore the real value of financial assets.

The analysis is contained in the fourth of a series of internal working papers made available by the Treasury and summarised in its monthly Economic Progress Report. A fifth paper on balance of payments flows and monetary aggregates has also been published.

The paper on consumer spending shows that the conventional forecasting equation of consumption based on the trend of disposable income, broke down after 1973 when the personal savings ratio rose to unprecedented levels.

This forced the Treasury to reconsider its forecasting procedures. Among theories examined, but rejected, were those suggesting that consumers had been forced to save more because their savings commitments such as life assurance premiums, had risen or that higher unemployment had generated precautionary saving.

The best explanation appeared to be based on the effect of inflation on personal wealth, notably assets such as building society deposits or money itself.

These assets are fixed in money terms, so that when inflation occurs their real value is reduced. In order to restore this real value consumers therefore save more.

New equation

There is evidence that this is what has been happening since 1973. Certainly it is believed that the higher rate of inflation in the last few years is the main cause of the higher savings ratio.

The savings ratio—the percentage of disposale income saved—averaged about 14½ per cent last year, compared with a range of 8.5 to 12 per cent between 1970 and 1973.

The revised version of the Treasury model includes a new equation which relates consumption primarily to income and, in addition, to wealth.

The data on wealth suggests that the real value of personal assets has declined by perhaps a fifth since 1973 and is only now beginning to recover. It could therefore take several years before the rebuilding of assets is complete.

The paper on balance of payments flows and monetary aggregates points out that at a general level the effect depends on the exchange rate regime operated by the authorities.

It says, however, that it is not true that, under a fixed exchange rate system, all changes in the reserves will feed straight through, one for one, into the money supply.

Equally, a floating exchange rate does not necessarily insulate the domestic money supply completely from external influences.

The direct effects depend on the nature of the flows involved. External flows may also have important indirect effects on the monetary aggregates, which may reinforce or offset their initial effect and which are therefore essential to determining the final impact of external flows.

The composition of balance-of-payments flows, may however, affect the money supply if they affect the allocation of total funds between money and other financial assets.

Exchange controls becoming simpler

By Peter Riddell, Economics Correspondent

THE FIRST of a series of changes aimed at simplifying the administration of exchange controls was announced yesterday by the Bank of England.

The minor changes cover stock owned by British residents in foreign companies. Essentially, they tidy up existing regulations and will not affect the reserves.

The first alteration, in force from yesterday, covers disposal of foreign-currency securities owned as portfolio investments by British residents.

In future, authorised depositories, such as stockbrokers and solicitors, will be given power to sell most quoted securities held in portfolio investments in restricted deposits that do not benefit from the investment currency premium, without first applying to the Bank of England for permission.

Dividends

That applies, for example, to inherited investments, to that if, say a UK resident inherits shares *from a relative in the U.S.,* any disposals—not affected by the premium—can go ahead without Bank permission.

The second change applies to the way in which stock dividends are handled and means that securities received as a result of stock dividends will immediately take the classification of the underlying holding.

In addition, a comprehensive list of companies that have left Britain and are listed as foreign-currency securities has been *provided.*

The changes are the first part of a three- or four-stage operation of tidying up and clarifying the controls. Later notices will cover acquisition of foreign currency securities and custody.

The exercise has been made necessary by the increasing complexity of the controls affecting stock held by British residents. There have, for example, been 37 supplements to the original notice.

BBC must pay more to stop loss of staff, says Milne

BY COLEEN TOONEY

BBC TELEVISION is losing staff because of its inability to pay them properly, says Mr. *Alasdair Milne,* managing director.

Pay policy had caused great problems over the last three years, Mr. Milne said in London yesterday.

He said whatever the outcome of the licence fee negotiations and the Government's 5 per cent pay strategy, BBC Television must contrive to pay properly or it would not have many employees left.

The BBC had been concerned by the drift of performers and producers from the Corporation and in the last 15 months 80 out of 300 videotape engineers had left.

Mr. Milne said that it took *four years* to train a top-class video engineer and that if pay conditons made it impossible to keep them "grave operation problems" would ensue.

"It isn't a disaster by any means yet, but since we are the only organisation to train these people if we lose them we have a multiple problem on our hands."

So far the Corporation had been able to recruit enough people but Mr. Milne has been warned that it could face problems this autumn.

He suggested that the increase in licence fees for colour television sets to £30.00, or fivepence a day, demanded by BBC chairman, Sir Michael Swann, would go some of the way to meet the problem.

"This would enable us to strengthen the quality of output, to reduce the number of repeats, to improve overseas coverage and to invest in new equipment and technology," he said.

"We do not intend to preside over the decline of the world's best television service," he added.

Mr. Milne was unveiling plans for its autumn and winter programmes.

Haulage industry fears

A WARNING that the outcome of the next election would determine the future of the road haulage industry was given yesterday by Mr. Norman Fowler, Opposition spokesman on Transport.

He told East Aberdeenshire Conservatives that tens of thousands of businesses — predominantly small ones — would be threatened by a State takeover if Labour won.

"The result would be a less *competitive industry and, for* those working within it, a lower-paid industry. For the taxpayer it would mean the prospect of yet another subsidised State undertaking."

Brae Field tests successful

BY KEVIN DONE, ENERGY CORRESPONDENT

PARTNERS IN the North Sea Brae Feld have successfully tested promising oil flows in their latest appraisal well.

The field, about 150 miles to *the east of the Orkney Islands,* has proved to be one of the most difficult North Sea structures to assess. Pan Ocean, the operator for the Brae consortium, has now drilled 13 wells in an exploration programme that has cost more than £40m.

The latest well to be drilled on block 16/7A, is part of a series of appraisal wells completed by Pan Ocean to deter*mine the optimum location of* production platforms.

There are widely differing estimates for the recoverable reserves in the Brae structure, but Marathon, the parent company of Pan Ocean, has put reserves at more than 500m barrels.

Results of the latest well appear to have enhanced the chances of the Brae consortium, which includes the British National Oil Corporation with a 20 per cent share, reaching final agreement on a development plan for the field.

British spend £4.12bn on holidays

BY LISA WOOD

SPENDING BY British tourists in the UK fell in real terms last year in spite of a 9 per cent increase in expenditure to £2.62bn, according to figures published yesterday.

About £4.12bn, including fares, was spent by British tourists at home and overseas during 1977, according to the home tourism survey for 1977, which was commissioned from the National Opinion Poll by the *British Tourist Authority* and the three other national tourist boards.

Spending at home accounted for 64 per cent of the total, but the increase was well below the rise in the retail price index between 1976 and 1977.

While there was little change between 1976 and 1977 in the number of holidays at home there were changes in forms of toruism.

Business and conference tourism increased by 7 per cent last year and visiting friends and relatives was up by 5 per cent, according to the survey.

Those increases, it says, were counterbalanced by a 1 per cent fall in holiday tourism, of which Britain continued to have a far greater share than destinations abroad.

More than 78 per cent of tourism on long holidays, lasting four nights or more, was within Britain and 98 per cent of short holiday tourism, lasting one to three nights was also in the UK.

August was the favourite month for tourism, both at home and abroad. The largest proportion of nights on holiday in Britain was spent in the West Country.

The survey shows that in 1977, 59 per cent of the UK population took a holiday of four nights or more in Britain or abroad, 40 per cent took just one holiday, 13 per cent took two and 6 per cent took more than two.

Monopolies inquiry worries poster groups

NEWS ANALYSIS

ROADSIDE ADVERTISING

By David Churchill, Consumer Affairs Correspondent

IT WOULD be churlish to suppose that the pending Monopolies *Commission investigation into* the supply of roadside advertising services was in any way prompted by the current Conservative Party poster advertising campaign against the Labour Government.

The Tory posters show a queue of people, supposedly unemployed, with htc slogan "Labour isn't working." They have been condemned by the Prime Minister and senior Labour leaders.

But the British poster industry is hard pressed to know what reason there is for the apparently sudden decision by the Office of Fair Trading (OFT), the Government body responsible for making references to the Monopolies Commission, to take that action now.

The OFT has written to about 10 companies and trade organisations in the industry asking for their comments on draft terms of reference for the commission to inquire into roadside poster services. Those concerned have until September 8 to comment before the OFT makes a formal reference to the Monopolies Commission.

The commission will then take hte next 18 months to two years to carry out its investigation.

The usual reason for the Monopolies Commisison to investigate an industry is if the dominant company in the industry has a quarter or more of the market. That is known as a "scale monopoly."

Trade sources in the poster industry, however, estimate that the two leading companies, Mills *and Allen, and the London and* Provincial Poster Group, have about a fifth of the market each. There are numerous other smaller companies in the industry, headed by More O'Ferrall.

On those grounds alone, therefore, the Monopolies Commission would seem on tricky ground in investigating the industryr. However, there are two other, more likely reasons for the investigation.

One is the fact that although no company has a quarter of the national market share, the poster companies have traditionally each had strengths in certain regional areas. Under the Monopolies Commission's guidelines, it can investigate cases where companies have more than a quarter share of the market in part of the country. The main poster companies are believed to qualify on those grounds.

Further, the commission is probably undertaking its probe because of a possible "complex *monopoly" in the industry. That* is defined by the commission as when at least a quarter of the industry is controlled by two or more companies "who so conduct their affairs (whether by agreement or not and whether voluntary or not) that they prevent, distort, or restrict competition in the supply of good and services."

Because no one poster company can afford to provide a really comprehensive national service for poster advertising—the costs of finding and maintaining sites is prohibitive—the seven (now eight) main companies in the industry together formed in 1971 a marketing company to sell poster space nationally.

To compensate effectively with other media, "such as television and national newspapers, the poster companies needed to be able to offer a guaranteed, cost-effective national service. Thus British Posters was formed to provide the service although the eight individual companies retain their independence status by finding and maintaining sites for marketing through British Posters.

The real cause of the shake-up in the industry was the intervention of John Bentley and his Barclays Securities, which bought Mills and Allen in early 1971. Bentley's brand of entrepreneurial flair forced the industry to accept that it had to be competitive to survive. That meant realising the value of uncompetitive poster sites and adopting a more realistic market*ing structure in British Posters.*

The aim of British Posters has been to make posters as simple as buying television time, with specific regions and target groups available for advertisers. Posters are the only main form of advertising able to reach a *housewife on her way* between home and supermarket.

British Posters' success has been reflected in its revenue, a peak of £8.3m last year, 36 per cent more than in 1976.

It would seem likely therefore that one subject for the Monopolies Commissions' investigation will be whether British Posters' marketing is a complex monopoly and whether it is operating against the public interest.

Although the eight companies behind British Posters control about theree quarters of the market, British Posters itself is only responsible for about three tenths of that. The rest is made up of individual companies' own poster sales, especially fixed commitments in certain areas.

The total UK poster industry is worth about £54m in turnover terms from some 250,000 poster sites, but about a fifth of that is accounted for by poster production. The rest includes all transport advertising, sports grounds, and illuminiated signs. Thus the total roadside poster industry that interests the OFT is worth about £27m.

Although the OFT refuses to say exactly why it is to refer the industry to the Monopolies Commission, it is likely that it has received complaints from companies unable to book poster space. One of the difficulties of the consumer boom is that there are insufficient poster sites to meet advertisers' demands.

The poster companies, however are extremely unhappy at the way in which the OFT has started *the procedure for a full* investigation. In particular, the companies would have welcomed the chance to explain their side of the case before an inquiry was considered.

However, since the Department of Trade gave British Posters an informal but thorough "vetting" when it was set up, the companies are puzzled as to why a fuller probe should now be undertaken.

Corinne Cockrell

Grant for hang-glider engines

Financial Times Reporter

THE WELSH Development Agency is to help a North Wales company develop an engine for hang-gliding, a market which is expanding throughout the world.

Rowena Light Engines, of Anglesey, will be provided with a 1,500 sq ft factory on the Gaerwen industrial estate on the island and given a loan of £10,000.

The company already makes a 110 cc engine which is used for chainsaws and model planes. The engine is considered to be ideal for hang-gliding because it uses two small cylinders instead of one, which gives a quick start and reduces both noise and vibration.

Skyhook Sailwings, of Oldham, Lancs, has been experimenting with powered flight for some time, but has been unable to find the right engine. It was considering buying U.S. engines until it discovered Rowena.

Skyhook believes that the market for powered hang-gliders is enormous. It is thought there are 100,000 hang-gliders in use around the world and that in five years' time this number could rise to 500,000—each a potential customer for a power unit.

HOME NEWS

Dental charges to go up by 23%

DENTAL CHARGES for routine treatment are to be increased by about 23 per cent up to a maximum £5 charge from October 1.

The new scale was announced yesterday by the Department of Health and Social Security within a package which included similar increases in dentists' fees and a final agreement to pay dentists an average of £945 each in expenses arrears for 1977/78.

Revision of fees and charges has been delayed by a dispute between the department and dentists regarding overpayment of fees in the past.

This dispute was resolved by the independent doctors' and dentists' review body and its findings accepted by the Prime Minister.

The new rates have been recommended by the dental rates study group on the basis of the review body's findings.

The increase in patients' charges reflect directly the changes in the fees but as before, check-ups are free, the maximum £5 charge for routine treatment remains and the maximum charges for crowns and dentures are unchanged.

Boost for cosmetics market

By Pamela Judge

MORE THAN half Britain's women Cshampoo their hair twice a week or more.

Moreover, according to IPC Magazines' latest cosmetics and toiletries report, women's application of rouges, blushers and shaders has risen by 18 per cent in the past three years, and 83 per cent use toothpastes and powders.

With the adoption of easily managed styles, fewer people are visiting a hairdresser more than once every two months, and that has affected the increased in the use of shampoos over the past three years from 83 per cent to 88 per cent. Sales of hairdressings, conditioners and cream rinses are also rising, from 33 per cent to 39 per cent, an expansion of the market by 18 per cent.

Cosmetics and Toiletries Survey 1977-78. IPC Magazines, Lavington House, Lavington Street, London, SE1 1BR, £125 for first copy.

Nine more workers in atom plant move

BY DAVID FISHLOCK, SCIENCE EDITOR

A FURTHER nine workers at the Atomic Weapons Research Establishment, Aldermaston, have been transferred to radiation-free jobs, the Ministry of Defence disclosed yesterday.

Earlier, three women laundry workers were transferred after they were found to have accumulated levels of plutonium well above recognised safety levels.

The establishment, in Berkshire, is where plutonium metal is handled in the research, development and partial production of nuclear explosives.

A new method of monitoring radiation workers for any traces of plutonium they may have picked up has now detected 12 people with body burdens at about the limit recommended by the International Committee on Radiological Protection.

But Defence Ministry scientists say that in taking staff off radiation work they are being extra-cautious in that their results, using the new technique, can differ by a big factor—as much as four—when the worker is re-examined.

The new method, installed with the encouragement of the Health and Safety Executive, uses a £500,000 whole-body counter instead of the regular urine analyses previously performed on all radiation workers.

Although widely used nowadays for other radioactive substances, the whole-body counter—which measures gamma-rays—is not normally used to measure traces of plutonium because plutonium emits only a very weak gamma-ray signal.

This signal is easily confused by stronger signals, such as that for caesium-137, a radio-active element present in the bones as a consequence of atmospheric nuclear weapons tests.

Mr. John Dunster, director of nuclear safety at the Health and Safety Executive, said last night that the plutonium levels so far measured "do not seem to me to be something we should be worried about."

The Board said yesterday that the risk of the radiation workers contracting lung cancer could have been increased by between 0.1 and 1 per cent—the extra risk which would be incurred by a non-smoker smoking two or three cigarettes a day.

'Nuclear politics' warning

BY DAVID FISHLOCK, SCIENCE EDITOR

NUCLEAR POWER will be brought into international politics much more over the next decade, according to Dr. Christopher Bertram, director of the International Institute of Strategic Studies.

Dr. Bertram says in a paper proposing a new aproach to arms control—by controlling missions instead of weapons—that as new countries demonstrate their real or potential status as nuclear powers, it will be necessary for the U.S. and USSR to keep their strategic relationships clear of the impact of third-party proliferation.

Third parties will not be serious nuclear rivals for the foreseeable future.

But Dr. Bertram warns that some nations will visibly invest in nuclear weapons without actually implementing them, and others will set up a minimum force "primitive by superpower standards but nevertheless frightening to neighbours."

In addition to a proliferation of nuclear and near-nuclear states, the superpowers will have to learn to accept the fact that, while arms control was shaped in a period of clear U.S. superiority, the more recent disappointments stem from the difficulties of living with nuclear parity.

"The Soviet Union must learn that catching up with the leader is one thing, gaining superiority over him is quite another. The Americans must learn thta parity is a combination of asymmetries and that marginal advantages on one side or the other do not undermine stability."

A fundamental problem for the Strategic Arms Limitation Talks (SALT), Dr. Bertram says, is that the traditional definitions of weapon categories are becoming increasingly blurred. For example, the distinction between nuclear and non-nuclear weapon systems was once sufficiently clear-cut to allow arms control negotiators to write them into treaties and to provide governments with a relatively unambiguous notion of their responsibilities.

Once weapons of inter-continental capability had to have a warhead which was both nuclear and high-yield, to make up for its inaccuracy. But this was no longer so—conventional explosives could now produce destructive effects of a kind previously reserved for nuclear missions. Dr. Bertram cites the cruise missile as an example.

He concludes that a change in emphasis is needed, away from efforts to limit the numbers of particular weapons, and towards an attempt to proscribe specific missions.

Adelphi Paper No. 146. Arms Control and Technological Change: elements of a new approach. IISS, 18, Adam Street, London WC2N 6AL.

Shore move on South Bank

BY PAUL TAYLOR

Mr. Peter Shore, Environment Secretary, has cleared the way for a major public inquiry into the development of a section of London's South Bank. The central issue is whether council homes or offices should be built on the site.

The Greater London Council owns the Coin Street site in the Lambeth Council's Waterloo development plan area between Waterloo and Blackfriars Bridge.

Lambeth favours building council homes on the site, but there are alternative office and hotel proposals from the Heron Corporation and Commercial Properties.

Yesterday Mr. Shore revoked an initial development plan, and granted six-month office development permits for the site, effectively opening the way to Heron and Commercial Properties to submit planning applications to Lambeth for their schemes.

OBITUARY

Mr. Norman Waple

MR. NORMAN HARRY WAPLE, chairman and group chief executive of the Sheffield Twist Drill and Steel has died aged 57.

Born in Liverpool, he was educated in Wolverhampton and began his career as a metallurgist with Henry Meadows in Wolverhampton in 1938.

He was president of the Twist Drill Association and the Twist Drill Export Association. He leaves a widow and two sons.

ANTHONY MORETON REPORTS ON THE TROUBLES IN THE COCKLE BEDS

WORKING BRITAIN

Why Ethel, unlike Molly Malone, has difficulty crying 'Alive, Alive-O'

WHEN I was younger there was a certain Molly Malone who, according to legend, used to sell her cockles and mussels through the streets of Dublin. We used to sing her praises nightly.

If you were to ask about Miss Malone in Penclawdd you would probably be asked in return: Miss Who? For this is Wales. But if you were to ask about Ethel Coghlan everyone in Penclawdd would point her out even though no one has written a song to her memory. Not that I know of, anyway.

Ethel has fished the sands of Llanrhidian for cockles for 52 years, ever since she was a girl of 13. It is hard, back-breaking work for the best areas on the sands are at least five miles from Penclawdd, a village on the north coast of Gower some six miles out of Swansea. And she lives some way out of the village.

So she sits on the trap pulled by her pony — once she had, like the others working the sands, a donkey for company but these have long since gone — and heads for the grounds to pick her regulation three cwts of cockles.

When she was a girl she could have picked as much as she liked, but times have changed. The cockles are no longer there for the taking and, in order to preserve both them and the jobs of Ethel and her companions, she is limited in her take.

On a good day there might be 15 or more scraping the sands with a rake-head to uncover the cockles, but the good days now are not what they were. There are just 47 people licensed to fish now compared with twice as many only eight years ago and as many as 500 either side of the first world war. Those were the great days.

Collapse

Cockle fishing has been known in this part of Gower since the early years of the 19th century. The collapse of the trade in Penclawdd has been due to a number of factors: the weather, the pattern of the tides, the spread of spartina grass from the dunes and the oyster-catchers.

In 1967 a record 140,000 cwts were landed: by 1975 the amount had sunk to just under 5,000 cwts. There has been something of a recovery so that last year 12,448cwts were sent to market. But the business is still very depressed.

Cockles are not to everyone's taste.

Officially, they are a mollusc, similar to the clam and sometimes sold by continentals as such. But they are much favoured locally, accompanied by vinegar and (if you are really posh and sitting in a restaurant) a little thin brown bread and butter, and widely eaten by the seaside. In Swansea and nearby parts of South Wales they are eaten in enormous quantities.

Ethel Coghlan believes there is none to compare with those that come from her part of the sands. "I could sell 10 times as many as I gather. There are some nice ones coming down from King's Lynn but they are not the same. They have a lot of grit in them. We clean ours properly."

Capt. John Rhydderch, the fisheries officer for South Wales, hopes the trough has now been passed. He points to rising landings in the past two years and wants to avoid at all costs the fate of Morecambe. Until the early 'sixties Morecambe was one of the big four; then the severe winter of 1962-63 destroyed the town's beds.

The same winter played havoc with Penclawdd. But nature has a way of redressing itself and the succeeding years saw record numbers of spats (the young, immature shellfish) and the sands were able to make good in no time.

What worries everyone now in Penclawdd is not the weather—and it can be very, very cold in January and February grubbing in the sand and sea water with your hands—but the oyster-catcher, a predatory bird.

Oystercatchers migrate to Penclawdd for the winter from their summer home in the north of Scotland and the cockle is their choice food. Normally they come down in September and depart in April; this year's bad summer has driven them out prematurely and there are several great flocks on the Llanrhidian sands already.

It has been estimated that an oystercatcher can eat 500 cockles a day, probably 1¼lbs in weight. And there have been as many as 25,000 birds counted on the sands at a time. The damage they can inflict is enormous.

In addition to the birds, the sands are being affected by the spread of spartina grass, planted out to protect the nearby dunes in 1947 and since self-seeded along the shore line.

Already some good parts of the sands, near the village of Crofty, have been lost, and the outlook is not so good since the roots go too deeply to eradicate them.

Ethel Coghlan sits on her cart talking to the local fisheries officer after a morning's work on the Welsh coast.

This is a depressing picture. But there are always the mussels (shades of Molly Malone) and if this is not enough there is the laver bread. Laver bread almost defies description.

It is made by stewing seaweed, comes out like a black processed cabbage and tastes strongly of iodine. Teifion Jones, a fisheries officer, says that rolled in oatmeal and fried it is delicious. So far, its fine taste has eluded me.

But, like cockles, it is eaten in great quantities in Swansea and sells prodigiously in the city's market. Some of the cockle gatherers boil two tons of it a week at times. Two tons! Says Ethel Coghlan: "I make the best laver bread in Swansea." Without wishing to pursue her claim, I take her word for it.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

EXCLUSIVE REPRESENTATIVE FOR SEVERAL

FOREIGN BANKS

seeking QUALIFIED

BUSINESS BORROWERS

Brokers protected. Local representatives wanted. Write Swiss-American Combine, P.O. Box 680 Panama 1, Panama.

Capitalise on our marketing strengths

Well-established manufacturing, marketing and export organisation, highly successful in specialised field of electronics, selling through top High Street department stores, supermarket, stationery, audio, TV and electrical, chemist and photographic chains, is looking for other products to manufacture and/or to market. All propositions considered in strict confidence. Write Chairman *Box G.2439, Financial Times, 10, Cannon Street, EC4P 4BY.*

A GROUP OF BUSINESSMEN

who must accept U.S. Dollars in routine business transactions and who find it increasingly difficult to safely invest that currency in situations calculated to keep ahead of the buying power erosion — are joining forces in a situation which will keep their investment principal intact, while permitting acquisition of equity in high growth rate, high-profit, depression-proof businesses calculated to stay far ahead of the buying power erosion of U.S. currency holdings.

To learn more about the above situation, please write to: *Box F1044, Financial Times 10 Cannon Street, EC4P 4BY*

TARGET MARKET EEC

Marketing specialist, 39, German, with many years experience in consumer and industrial marketing in English speaking countries is moving to Southern Germany end of this year. Companies seeking penetration for their products/services into the Common Market are welcome to open negotiations immediately. Start by (air) mailing your product-literature for preliminary discussion.

S. Geldner Dip.Mkt.M.
P.O. Box 23486
2044 Joubertpark R.S.A.

PRESTIGE CARS WANTED

TO ALL COMPANY DIRECTORS TRANSPORT MANAGERS AND PRIWATE CAR OWNERS

Are you obtaining the best price for *your low-mileage prestige motor-car?* We urgently require Rolls-Royce, Mercedes, Daimler, Jaguar, Vanden Plas, BMW, Porsche, Ferrari, Maserati, Lambourghini, Jensen Convertible, Rover, Triumph and Volvo cars. Open 7 days a week

Collection anywhere in UK. Cash or Bankers' draft available. Telephone us for a firm price or our buyer will call

ROMANS OF WOKING LTD.
Brookwood (04867) 4567

FLORIDA
U.S.A. REALTY

Agents will be in London in September to discuss Florida Property, Homes, Land, Income.

JOHN HOGAN,
C.C.I.M. P.O. Box 247
Titusville, Florida 32780.

SOLAR ENERGY

Due to under-capitalisation expanding company urgently requires funding. Company manufactures advanced all plastics solar panels and systems — both industrial and domestic with export orders into 1980. Strong technically, extra marketing experience needed. Would consider beneficial merger.

Write Box G2447, Financial Times 10 Cannon Street, EC4P 4BY

LIMITED COMPANIES

FORMED BY EXPERTS FOR £78 INCLUSIVE READY MADE £83 COMPANY SEARCHES

EXPRESS CO REGISTRATIONS LTD.
30 City Road, EC1
01-628 5434/5/7361, 9936

SYNDICATE

being formed for the purpose of promoting a novel and exciting concept to take advantage of the modern trend of youth in the field of entertainment, leisure and pleasure. Minimum participation £1,000

BUSINESS AMALGAMATIONS LTD.
6 Old Bond Street, London W1X 3TA
01-629 8586 Telex: 262350 Maidn.

FINANCE CONSULTANT

TEN YEARS IN BUSINESS

With well established connections in the City, pension funds and other institutions, is prepared to assist growth companies in all matters involving finance and/or property.

Fee or retainer basis negotiable
Write Box G2444, Financial Times 10 Cannon Street, EC4P 4BY

BARTER/COUNTER TRADE

Managing director of major U.S. barter company plans to be in London and Paris early Sept. What have you to trade?

To arrange a meeting write:
Fred B. Tarter
DEERFIELD COMMUNICATIONS CORP.
444 Madison Ave., N.Y.,
N.Y. 10022 TWX 2710 5812376

ISLE OF MAN OFFSHORE TAX SAFEGUARD

Grasp the opportunities in a low tax area. We specialise in the formation of companies including nominee appointment, secretarial services, general agency work, telex and general consultancy including commercial placement.

Full details from P. A. Brown, BROWN BROTHERS LIMITED, Victory House, *Prospect Hill*, Douglas, Isle of Man. Tel. 0624 25661. Telex 82841

ORIGINAL OIL PAINTINGS, 24" x 36", £6, wholesale. Agents and distributors write: Specialty (FTKU), P.O. Box K-3086, Kowloon Central, Hong Kong.

WAREHOUSING BRUSSELS AREA

Our clients have available 250 sq. metre warehousing plus some open yard facility situated on busy highway 15 kilometres South of Brussels. Use of staff, fork-lift and telex also available. Ideal for retail, wholesale discount operation. Some showroom space could be negotiated depending on product. Rent negociable but definitely below market rate.

Write:
Security Manager
SHIPWAY COMMUNICATIONS LTD.
Western House, Smallbrook Queensway
Birmingham B5 4HD
quoting reference 13363

CASH FLOW PROBLEMS

RELEASE YOUR OWN CASH BY DISCOUNTING YOUR INVOICES

95% paid by return on approved accounts

Phone Bolton (0204) 693321
Telex 63415
MRS BENNETT
Silverburn Finance (U.K.) Ltd.

THE COMPLETE FINANCIAL AND MARKETING PACKAGE

We are an International Marketing Consultancy based in London which offers financial and marketing advice either in this country or world-wide. Capital would be available to suitable enterprises where expansion or development of new projects is beyond the limits of existing cash flow or financial resources. We also give experienced advice on both mergers and takeovers.

Principals, or their Agents, should in the first instance write to:

Box G2378, Financial Times 10 Cannon Street, EC4P 4BY

PLANT-HIRE BUSINESS

Substantial private company with available funds seeks purchase of an existing plant-hire business with a view to expansion or alternatively would welcome contact with those having the necessary Management Expertise to create a new subsidiary.

Interest parties should reply under Box G.2441, Financial Times, 10 Cannon Street, EC4P 4BY In confidence

FINANCE FOR THE SMALLER COMPANY

For further information contact:
K. Dean,
ARBUTHNOT FACTORS LTD.,
Breeds Place, Hastings,
E. Sussex.
Tel: 0424-430824

INVESTMENT OPPORTUNITY

Established Builders/Developers seek *building finance for office units of* 4-8,000 sq ft in Home Counties — Joint Co., Partnership agreement or just funding. Advertisers own site for immediate development 6,500 sq ft 2-3 projects anticipated each year.

Write Box G2445, Financial Times 10 Cannon Street, EC4P 4BY

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM. Buy, save up to 40 p.c.

Lease 3 years from £3.70 weekly
Rent from £29 per month

Phone: 01-641 2365

Financial Management Services Investment Bankers

Reprsenting S & L's and Insurance Companies for Investments and Financing.

For information contact:
David Namer, Park Lane Hilton
or
730 Camp Street, New Orleans, Louisiana 70130.

START AN IMPORT/EXPORT AGENCY

No capital required. Established over 30 years. Clients in 60 countries.

Send large S.A.E.
Wade, Dept. F.,
P.O. Box 9,
Marlborough, Wilts.

OVER 40,000 SCHOOLS AND EDUCATION ESTABLISHMENTS can be reached by mail. The Educational Addressing and Mailing Service, Derby House, Redhill, Surrey RH1 3DM. Merstham 2223.

T. COWIE LTD.

wish to purchase

- Large Motor Dealerships.
- Contract Hire & Leasing Companies.
- Hire Purchase Companies involved in Vehicle Finance.

UP TO £10 MILLION AVAILABLE

Principals only, should write in the first instance to:

The Chairman, T. Cowie Ltd., Millfield House, Hylton Road, Sunderland, Tyne & Wear. SR4 7BA

BUSINESSES FOR SALE

FOR SALE

TRANSPORT & WAREHOUSING GROUP

IN THE NORTH WEST

Projected Annual Turnover 1 million pounds National Coverage. Principals only.

Write Box G.2446, Financial Times, 10, Cannon Street, EC4P 4BY.

BUILDING COMPANY —STAFFS

Old established building company for sale, mainly houses, some industrial. Land bank for over 700 units. Current turnover £1.5 to £2 million. For sale as a going concern comparatively small borrowing — Price £1.25 million.

Principal to principal only please apply:
Box G.2410, Financial Times
10 Cannon Street, EC4P 4BY

FOR SALE

LIFE BROKING BUSINESS

(Commission Income £200,000 pa +)

Principals wish to capitalise on their success for obvious reasons, but prefer to remain for a minimum of 5 years.

Investigation will show further growth can be confidently expected. Principals only please write, Box G.2442, Financial Times, 10, Cannon Street, EC4P 4BY.

BAHRAIN

Business in Construction Industry for sale as a going concern with existing equipment, contracts and contacts. Own workshop (with overhead crane), yard and office with three years lease remaining, plus option for further six years.

Write Box G.2386, Financial Times 10 Cannon Street, EC4P 4BY

FOR SALE

FINANCIAL SERVICES GROUP

Pretax profits approaching £100,000 in current year. Management will remain. Principals only.

Write Box G.2443, Financial Times
10, Cannon Street, EC4P 4BY

HIGHLY REMUNERATIVE FREEHOLD
SHEET METAL WORKS
WITHIN EASY REACH OF LONDON

700 sq ft working area. Full oil fired central heating. Comprehensive inventory. Self-contained flat. 2,000 sq ft land. Fully equipped Canteen. T/o £188,468 p.a. Net Profit £73,414 p.a.

QUITE AN EXCEPTIONAL OPPORTUNITY - VERY VALUABLE FREEHOLD INCLUDED £200,000 BY WAY OF SHARE DEAL

M/440, Nationwide Businesses
166 London Road, Croydon
01-686 2396

FOR DISPOSAL

Assets of established Commodity Merchants operating from City of London. Good overseas connections and Substantial tax losses available.

Write: Box AP.940,
Reynell's, Eldon Chambers,
30/32, Fleet Street,
London, EC4Y 1AA.

South Coast town

Established 7 years, despite unemployment, profits show steady rise, with current year being a record. Audited accounts available. Low rent. One or both existing owners will stay on for 3 months or more to ensure smoot htransfer of goodwill and teach business if required. Would suit individual, husband and wife team or two friends. Enormous potential for expansion. £30,000 o.n.o.

Write Box G.2359, Financial Times. 10, Cannon Street, EC4P 4BY.

FULLY-EQUIPPED
ENGINEERING AND PRESSWORK COMPANY

on South Coast for sale as going concern. Turnover £250,000 with scope for expansion. Long Lease.

For information telephone
0273 778955

BUSINESSES WANTED

WELL-ESTABLISHED COMMUNICATIONS CO.

UK based with world-wide business interests wishes to expand existing computer activities by association with/or acquisition of medium-sized systems/software house whose emphasis is on real-time communications — related activities. Substantial resources available for development of right organisation,

Reply in strictest confidence to Box G2434 Financial Times, 10 Cannon Street, EC4P 4BY

هكذا من الأصل

LABOUR NEWS

P.O. engineers suspend sanctions

BY NICK GARNETT, LABOUR STAFF

THE POST OFFICE Engineering Union said last night that almost all its members had obeyed the executive's instruction to suspend their most disruptive sanctions in the light of *provisional agreement to settle* the dispute.

There was an immediate improvement in making calls abroad although the Post Office warned that it would take a *week to 10 days before the* international calls system was back to normal.

The union was taking the relatively good response to its instruction as a sign that the provisional agreement to cut hours from 40 to 37½ will be accepted.

The special delegate conference which will decide the issue is likely to be held shortly after the TUC in early September, either in London or Birmingham.

There was some opposition to the executive's instruction to call *off* sanctions, particularly in Liverpool where engineers delayed a return to normal working partly as a protest against the deal. There was also opposition in Leeds and Glasgow.

A union spokesman said engineers at the international exchanges had agreed to reverse their decision not to work the rotas which have seriously dislocated international calls.

It was also claimed that most engineers at the Fleet international Telex exchange were working normally.

The Post Office said it was too early to assess the general picture. Although the union issued circulars explaining details of the agreement, many of these did not arrive in the post before engineers left for work.

Some engineers who had been sent home for carrying out sanctions could not be contacted in time for work yesterday.

BACKGROUND TO THE PROPOSED SETTLEMENT

The buzz is going round . . .

BY NICK GARNETT, LABOUR STAFF

POST OFFICE engineers were being notified yesterday of the basic elements of the productivity deal their union executive *has negotiatted in return for a* 2½-hour cut in working hours.

Although the specific arrangements will be fixed by talks at local level—a possible point of future friction if the deal is finally accepted by the union membership—the broad guidelines of the deal will be studied keenly by other unions seeking shorter hours, with no loss of pay, for their members.

The productivity scheme to cover the cost of the reduction in hours has been tailored to some of the special features of the Post Office industry.

The three main ones are that much of the engineers' work is *involved in direct service to the* consumer, that individual jobs can be done by engineers working in pairs or small groups and that the industry is one of rapid technological change.

The union believes, *however*, that many of the scheme's main elements could be applied to a whole range of service industries —for example transport, gas and electricity supply and retailing. Beyond that, there are pointers to productivity features which might be applicable to any industry whose workers are searching for ways of cutting basic hours.

The deal's central principle is *the spreading of work over a* longer day so that, in theory, more jobs can be completed, together with some streamlining of the engineers' operations and more local and regional flexibility in how Post Office telecommunications work is carried out.

The four main features are: changes in attendance hours; better work scheduling; broader national agremeents to allow greater leeway in the way telephone areas work; and the speeding up in the testing of new Post Office equipment before decisions are taken on whether to begin installation.

The deal's general guideline is that some staff will begin the day at the same starting time as at present and the rest will start up to half an hour later. Unless agreed otherwise, at telephone area level, the proportion will be 50/50, allowing overlap at the end of the day.

Some staff also will be required to work an eight or nine-day fortnight. For engineers on this system, the working day will be spread between 7.15 am and 6.15 pm, again with overlapping as some engineers begin the day before others. Engineers working fewer days than at present, as well as fewer hours, will work *longer than eight hours during* any one day.

The intention is that selection of staff to work the eight or nine-day fortnight will be done o na voluntary basis wherever possible.

Engineers working the five-day week will have their meal breaks unchanged by breaks for those engineers working fewer days will be reviewed.

Changes in attendances will apply largely to engineers on outside work such as installation, fault hceeking and cable-laying rather than those on repair work in exchanges. Engineers involved in circuit and cable routeing will not be affetced.

A higher proportion of eight- and nine-day fortnights will be worked in the summer than winter in those northern areas where changes in daylight hours *limit operations.*

Most of this is subject to local negotiations with the proviso that the "reasonable convenience" of staff will be taken into account.

There will be tighter planning on when equipment is to be installed in an attempt to cut time-wasting when, for example, people who are having telephones installed are found to be away from home.

National agreements between the union and the Post Office will be broadened to allow greater flexibility from region to region on how work is to be done and machinery operated. The union's executive has also agreed to co-operate in the *speeding of* field trials on new equipment.

An additional feature is that the union will seek to perspade all engineers to be paid through the Post Office's giro system, *thereby reducing pay costs.*

All this is wrapped up in a package of assurances on maintaianing and, where possible, improving service to the consumer.

The scheme's work and cost targets will be monitored by a union-management team and the results related to payments under existing productivity arrangements as well as the union's claim for a further reduction in hours to 35.

Union officials are confident that the 125,000 engineers will accept the deal when they have studied it more closely.

That optimism will be tested at a special *delegate conference* within a few weeks. . . .

Oilfields safety body launched

SAFETY IN the North Sea oilfields is to come under the scrutiny of a new advisory committee set up yesterday by the Health and Safety Commission.

The oil advisory committee, the fifth in a series of industry based committees established by the commission, will examine the safety of oil industry workers and the protection of the public from the industry's hazards.

The committee has been asked to concentrate initially on safety matters connected with offshore exploration and development of oil and gas fields.

It is composed of nominated TUC and CBI representatives and it will advise the Commission on the adequacy of existing safety standards and recommend new legislation.

Sunday Times talks today at ACAS

TALKS ON the dispute which has caused serious disruption to production of the Sunday Times this month are to take place today at the Advisory Conciliation and Arbitration Service.

The paper lost 384,000 copies last weekend and 250,000 the previous week because of action by members of the Society of Graphical and Allied Trades. They feel that they have been left behind in wage leap-frogging *and have been reporting for work* later than usual.

The men, who work in the publishing room, currently receive £37.35 for working on a 72-page paper and are seeking £60.44.

A previous attempt to secure a return to normal working was made by Mr. Bill Keys, general secretary of SOGAT, but was rejected by the men.

Conservatives promise probe into SLADE

THE NEXT Conservative Government would set up an inquiry into the recruitment methods of SLADE, the process workers' union, Mr. James Prior, *Opposition employment* spokesman, said yesterday.

Mr. Prior said that TUC co-operation in such an inquiry would be sought.

The recruitment activities of *SLADE in the art studios* field have been raised in the House of Commons, with allegations that the union has employed blacking tactics.

Mr. Prior said that the Conservative Party believed that "the blacking and blockading activities of SLADE in its pursuit of increased membership are a disgrace to responsible trade unionism in a free society."

Depot deal may create jobs

HILLS INDUSTRIES, the gardening tool manufacturer, has bought the former Scottish and Newcastle Breweries depot at Caerphilly.

The deal, understood to be worth about £100,000, is expected to create further employment at the company, which started production in South Wales 10 years ago.

BL pay hopes rest on talks today

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS' hopes for the quick *introduction of a new incentive* scheme—seen as the key ot raising poor outlet levels—rest on talks which open in Coventry today.

The joint management and union *negotiating committee* will discuss company proposals for a deal which could give the 100,000 manual workers up to £15 a week.

Management is likely to take a hard line insisting that payments on such a scale must be conditional upon dramatic improvement in productivity.

The poor production performance so far this year has hampered company efforts to win a bigger share of what is expected to be a record UK market. Mr. Michael Edardes, BL chairman, has described an incentive scheme as "crucial to the company's survival."

Negotiations are due to last two days and, if agreement can be reached, the scheme may be put to a ballot of the workforce. An earlier scheme which offered £8 a week bonus was rejected by the shop floor.

Central negotiations are also continuing to establish a new pay structure which will open up differentials for skilled workers. Rapid progress is regarded *as important* to head off the growing militancy of the skilled men.

Mr. Roy Fraser, chairman of the unofficial toolmakers committee, warned in Birmingham yesterday that renewed industrial action was almost inevitable.

Toolmakers leaders would be *meeting on September 3 to con*sider the best form and timing of any action in pursuit of their demand for separate bargaining rights.

Mr. Fraser said the toolmakers were prepared to consider co-ordinating any action with that of the craft committee, an unofficial body which claims to speak for the 14,000 skilled workers within BL Cars.

A one-day token strike called by the craft committee last Monday met with a mixed response, and many workers ignored the call.

New move for shoe settlement

PAY TALKS between the National Union of Footwear, Leather and Allied Trades and the British Footwear Manufacturers' Federation are to be resumed in London today after breaking down in April.

The shoe *union is pressing for* another £2.70 a week, a reduction of 2½ hours on the working week and an extra five days' annual holiday.

Government is asked to veto 253% rise

By Our Labour Correspondent

LABOUR MPs yesterday demanded Government action over the 253 per cent increase in salary *received* by Lord Grade, chairman and chief executive of Associated Television, in the last financial year.

Mr. William Molloy, member for Ealing North, is *writing* to Mr. Albert Booth, Employment Secretary, urging him to intervene as a matter of urgency. "This will have a terribly damaging effect on the next phase of the pay policy," said Mr. Malloy.

Another labour member, Mr. Eddie Loyden, MP for Liverpool Garston, said that he had written to the Prime Minister asking him to veto the increase in the interest of the Labour and trade union movement.

However, Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicians, commented that "the pay rise looks enormous but is not really." He said that for international entrepreneur Lord Grade was not very well paid.

Lord Grade's salary increased *from £59,500 to £210,428.* ATV said that the increase was wholly attributable to his greatly increased personal workload in its American companies.

Strike halts Danish sailings

THE DANISH shipping line DFDS cancelled sailings from Harwich and Newcastle-upon-Tyne yesterday and today because of a seaman's pay dispute in Denmark.

"Talks are in progress and we advise *passengers* booked on these sailings to telephone us for further details, a spokesman said.

Town & City Properties

LIMITED

Extracts from the Chairman's statement

Considerable progress has been made by Town & City since I wrote to you a year ago. During the financial year under review the main contributing factors were reduced borrowings and interest costs as a result of property sales and a rise in profits from the Service Industry Division; in the current financial year the beneficial effects of continuing property sales, the exchange *of 8/14% Convertible Unsecured Loan Stock* for Preference Shares and the borrowing rearrangements set out in the circular of 26th April are all helping towards the recovery of your Group, which is now taking place.

Borrowings have fallen *satisfactorily. Borrowings shown in the consolidated* balance sheet were reduced from £317 million to £255 million, and since the year end to £245 million, before taking into account sales proceeds on deposit of £13 million. Equally important, the length and pattern of the Group's loans have been greatly improved by the new borrowing arrange*ments with Barclays Bank.*

The consolidated balance sheet reflects the most important change which took place shortly after the year end, namely the exchange by holders of £26,297,984 of the 8/14% Convertible Unsecured Loan Stock, principally *by Barclays Bank Limited* and *the Prudential Assurance* Company Limited, into Preference Shares. The main effect of this on the balance sheet is to bring borrowings down by £26 million and to improve the debt equity ratio from 4.9 to 3.1.

Sales of properties during the year totalled £56 million, compared with a book value of £55 million, and since the year end a further £27 million, book value £23 million, of properties have been sold or are contracted to be sold; this takes the total since 1st April, 1974 to £300 million, against a book value of £290 million. A satisfactory volume of sales is in the pipeline.

J. M. STERLING

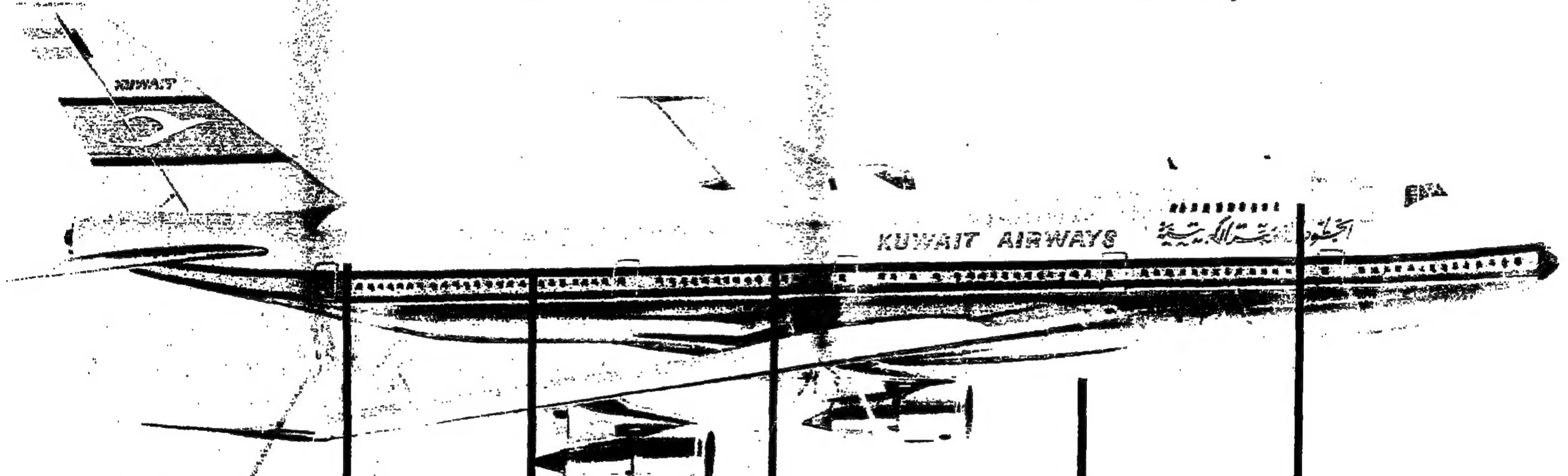
هكذا من الاصل

The Financial Times

Kuwait Airways launch the businessman's Jumbo

The first office penthouse in the sky and the first Jumbo direct from London to Cairo

We have three flights weekly London-Cairo-Kuwait plus one direct flight to Kuwait with onward connections to Abu Dhabi - Dubai and Bombay



THE OASIS: We're opening our unique tourist lounge refreshment bar where you will be able to stretch your legs and meet other important businessmen before you arrive in Kuwait at your destination.

THE BUSINESSMAN'S STUDY: In the Economy Section, our new Jumbo jets provide a quiet study area, so you don't have to lose time while in transit, but rather sink into a comfortable seat, have refreshment and do your work. Remember, there will not be any telephone interruptions.

THE PENTHOUSE SUITE: First Class passengers will enter a world flavoured with the East. The richly-carpeted and cushioned observation lounge in the penthouse will make the hours pass unnoticed.

THE BUSINESSMAN'S ENTERTAINMENT: We know you won't want to think business all through your flight. That's why we're the only airline with entertainment on every flight. We show films or you can tune into the latest in stereo sound.

TIME-HONOURED HOSPITALITY: As our planes get bigger so does our service, for us hospitality is a serious matter, and something we're proud of. That's why we offer you a choice of three menus in First Class and two in Economy Class.

THE BUSINESSMAN'S CLUB OASIS: We will be inaugurating our exclusive Club for those who like extra information and enjoyment on their business trip. First Class passengers become members automatically. And this service will be indispensable when you arrive in Kuwait, to help and inform you of existing services.

THE BUSINESSMAN'S SCHEDULE: Join us on our Jumbos from London Heathrow direct to Cairo-Kuwait and Bombay three times a week, or from London to Rome-Kuwait once a week. Our inauguration Jumbo service starts this autumn. Don't forget our 707 flights leave London for Kuwait every day with direct flights from Monday to Friday.

KUWAIT AIRWAYS

Does more to make your business trip a Jumbo success

Kuwait Airways, 52–55 Piccadilly London W1. Tel. 01-491 4280 ■ Birmingham: 5th Floor, The Rotunda, New Street, Birmingham B2 4PA. Tel: 021-643 5811 ■ Glasgow: 124 Vincent Street, Glasgow. Tel: 041-2[illegible] 3588 ■ Manchester [illegible]

Acquisitions Manager

BASED AT SEVENOAKS, KENT.

The purpose of this appointment is to speed non-organic development in new areas of business at home and abroad with particular reference to the United States.

Practical experience of acquisitions, mergers and share valuations is essential, preferably industry based, and the successful candidate is likely to have a financial background. Responsibilities will include the initial identification of possible acquisitions and financial appraisal thereof. Thereafter, he/she will be part of a negotiating team, following through acceptable proposals to a final conclusion.

A competitive salary will be paid plus pension scheme, life insurance and other benefits in accordance with the best industrial practice. A company car will be provided.

Please write stating qualifications, full career details and salary progression to:–

The Staff Executive,
Marley Tile Company Limited,
PO Box 32, Sevenoaks, Kent.

MARLEY

UNIVERSITY OF MALAWI

THE POLYTECHNIC

Applications are invited for the post of

SENIOR LECTURER/LECTURER IN

BUSINESS STUDIES

Applicants should have at least a good honours degree from a recognised institution and/or professional qualifications with relevant teaching or commercial experience. A higher degree would be an advantage. For a Senior Lectureship appointment some administrative experience will be an advantage. Appointee should be capable of offering at least two of the following subjects at degree and/or diploma level: Economics, Accountancy, Business Administration, Law, and Financial Accountancy. Salary scales: Lecturer K3500-K6800 pa. Senior Lecturer K6500-K8000 pa. (£1 sterling = K1.57). The British Government may supplement salary in range £3450-£4122 pa (sterling) for married appointee and £2340-£2976 pa (sterling) for single appointee (reviewed annually and normally free of all tax) and provide children's education allowances and holiday visit passages. If no British Government supplement is available, the University may pay an addition of between K1320-K1656 pa for Lecturer and between K1640-K1690 pa for Senior Lecturer (taxable in Malawi). Family passages; superannuation scheme; Gratuity 15%-25%; biennial overseas leave; housing and various allowances. Detailed applications (2 copies) with curriculum vitae and naming three referees to be sent to Registrar, University of Malawi, PO Box 278, Zomba, Malawi, by 12 September 1978. Applicants resident in UK should send one copy to Inter-University Council, 90/91 Tottenham Court Road, London W1P 0DT. Further details may be obtained from either address.

LARGE FIRM OF STOCKBROKERS
have a vacancy for a
TRANSFER CLERK

Approximate age 20-25.
Excellent prospects for the right person.
Salary negotiable.
Phone 01-638 5699, Mr. J. Perryman, to arrange an interview.

Group Financial Director-designate

London SE1 *c.£12,000 p.a. plus car*

A profitable and rapidly expanding group (turnover £7 million) whose main activities are in the automotive distribution field, wishes to strengthen its management team by this appointment. Reporting to and working closely with the Chief Executive, the key areas of the job will include:

- **Development of computer based management and financial information systems compatible with the group growth pattern.**
- **Formal forward planning and project appraisal.**
- **Control of French and Dutch subsidiary companies.**

The appointee will be a qualified accountant with proven successful financial and management accounting experience at senior level, preferably in a group of at least similar size and in a similar type of industry.

A board appointment is envisaged within 12 months.

Age range: 35 – 45. Men and women may apply.

Please write enclosing a brief but relevant curriculum vitae quoting reference GF/3956/FT on both letter and envelope. No information will be disclosed to our client without permission.

Urwick, Orr & Partners Limited Baylis House, Stoke Poges Lane, Slough SL1 3PF
Management and Selection Consultants

Financial Management Consultancy

up to £8,000

PA is one of the world's leading management consulting organisations with developing interests in virtually every business function and an extensive list of public and private sector clients. We are currently able to offer young (26-28), professionally qualified accountants exceptional opportunities for personal and career development in financial management and general business consultancy. The positions are London-based, but projects will involve travel in the southern half of the UK, often working closely with other specialist consultants in multi-disciplinary teams.

We are seeking high calibre men and women who can demonstrate sound career progression to date, including management experience in industry or commerce, and who are familiar with computerised operations. They must be practical problem solvers, know how organisations work, and be able to deal effectively with people at all levels. Astute business sense is a basic requirement.

For prospective consultants, the gross remuneration will range up to £8,000 according to age and experience. There are good prospects of career progression.

Please write in the first instance, in confidence, giving brief career details and showing how you meet the main requirements to: The Personnel Manager, Ref. FAD,

PA Management Consultants Ltd
Rotherham House, Grosvenor Crescent, London SW1X 7EE. Tel: 01-235 7050

PA

A member of PA International

See yourself at the Centre?

Young C.A. neg. c £7,500 London

This is a rare opportunity to move rapidly from the profession to the centre of one of the largest industrial holding companies in the U.K. The rapid growth of its portfolio has created the need for an additional Qualified Accountant in the Head Office.

The job will centre around the consolidation of accounts and involve monitoring, visits to companies and considerable technical expertise. The job should develop into areas such as investigation and the production of special reports for the Group Financial Director.

Candidates, men or women, should be Accountants with about two years post qualification experience in the profession or possibly in industry. Technical expertise, integrity and the ability to deal with senior industrial management are the main requirements.

Starting salary negotiable c£7,500 and the job is based in central London

For further details please write with brief career details to:–
Philip Plumbley
Plumbley/Endicott & Associates Limited
Management Selection Consultants,
Premier House, 150 Southampton Row,
London WC1B 5AL.

INTERNATIONAL INVESTMENT MANAGEMENT

We are looking for an individual with a broad understanding of the major fixed interest and equity markets.

The successful applicant will report to the Assistant General Manager, Capital Markets Division, and will be involved in the monitoring of clients' investments and the submission of proposals and advice.

Applicants should have a flair for reading market trends in the securities markets and a basic understanding of the foreign exchange markets.

A working knowledge of German or French would be an advantage.

Further details of the appointment can be obtained from Mr. J. E. G. Lundqvist (telephone 01-709 0565).

An excellent salary will be offered, as well as fringe benefits appropriate to banking, which include non-contributory pension scheme and house loans at concessionary rates.

Applications with full C.V. should be sent to:—

H. E. CHILD, M.B.E., Personnel Manager,
Scandinavian Bank Ltd.,
36 Leadenhall Street, LONDON EC3A 1BH.

Assistant Financial Director

Paris **c. F.Fr. 150,000**

*Our client is a major international health care corporation with its European head*quarters based in Paris, controlling affiliate and subsidiary companies in Europe, the Middle East and Africa.

They now have a requirement for a qualified Accountant or business graduate as an Assistant Financial Director for an important and expanding part of their operations.

Candidates will probably be aged 26–35 and have gained experience in a sophisticated and progressive accountancy environment, ideally the European subsidiary of an American corporation.

The appointment has considerable potential and offers an excellent after tax salary and includes relocation and other fringe benefits.

Please write to or telephone S. W. J. Adamson, FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: (0462) 55303 (24 hour answering).

GROSVENOR STEWART
Executive Search and Selection

MSMS

NATIONAL BANK OF FIJI

A medium size state owned Bank is extending its operations to cover all fields of Commercial Banking including international dealings.

We are seeking Banking executives to work in the Fiji group of Islands to help in this development, and have vacancies for Regional Managers and Branch Managers. Only Applicants for these positions over the age of 35 will have the necessary experience, and salaries will be commensurate with the importance of the positions, and in the order of F$25,000 p.a. including gratuity.

Please apply in the first instance enclosing a copy of your curriculum vitae to:–

Myles Walker
MSMS INTERNATIONAL LIMITED
PMB 1040
115 Mount Street London W1Y 5HD

who will forward all applications unopened to the Head Office in Suva.
Closing date for the receipt of entries in London is 1st September. Interviews will be held in London during October and November.

PHILLIPS & DREW

Private Client Department

Phillips & Drew has a vacancy in its Private Client department for a Manager's Assistant.

The ideal candidate will be educated to "A" level standard with a minimum of two years' experience.

Preferred age 20-23.

We offer a competitive salary, bonus, 40p luncheon vouchers and contributory pension scheme.

Please write giving full details to: Staff Manager, Phillips & Drew, Lee House, London Wall, London EC2Y 5AP.

City Merchant Bank

Securities/Money Deposits

Due to expansion, Robert Fleming have vacancies in their Securities and Banking Departments. These include UK and foreign securities, also Eurobond and foreign exchange settlements. Applicants should be under 25 and educated to 'O' level standard.

A foreign currency money-deposit dealer, age twenties or early thirties, is also required.

Good salaries will be offered with valuable fringe benefits which will include mortgage assistance in due course.

Apply: Staff Manager, Robert Fleming & Co. Ltd.
8 Crosby Square, London EC3A 6AN.
Tel: 01-638 5858

ROBERT FLEMING

SENIOR INTERNAL AUDITOR

A rapidly growing multinational company requires a Chartered Accountant or CPA to assume responsibility for all financial and operational audit activities in the United States, Canada and eventually Latin America. This position will report directly to the board and has excellent career potential. The ideal candidate will have had 3 to 5 years commercial experience in the United States as well as previous work within the profession. The successful applicant must have demonstrated the ability to deal diplomatically and effectively with management at all levels.

Age range: 35 to 45. Extensive travel required from a base in New York. Substantial salary and fringe benefits. Preference will be given to Europeans with experience in North America. Interviews will be arranged in Europe and New York.

Please send your curriculum vitae and mention private telephone number. All applications will be treated in confidence.

RICHARD H. WERBE, MANAGEMENT CONSULTANT
33 Château-Sec, CH-1009 Lausanne-Pully, Switzerland.
Telephone: 021-28 73 22.

Risk Manager

One of the most important contracts to have been won by a single contractor in recent years is the Yanbu Project – awarded to Parsons. This is your opportunity to take part in the development of a whole new City by the Red Sea.

Use your professional expertise with us and you'll be in at the start, helping us to create a centre of commerce and government, seaport and docks, processing and manufacturing facilities and high quality community environment.

We are now inviting applications for a senior appointment as Project Insurance Adviser. The duties of this position will include analysing risk exposure, advising on insurance coverage required and working with brokers and underwriters on placing the necessary coverage.

Applicants should have the necessary experience and personal qualities to enable them to deal authoritatively with senior colleagues and client personnel in setting-up and administering the insurance programme for this major project. Recent experience in dealing with the insurance requirements of large-scale overseas construction projects will be particularly relevant.

The salary offered will interest applicants currently earning around £10,000 a year. Previous Middle East experience is desirable as this appointment is in a demand*ing environment. A current driving licence* is essential. Bachelor status envisaged for the first 9 months thereafter married accommodation will be available.

Please send full curriculum vitae, which will be treated in the strictest confidence, or telephone **R M Patrick, quoting ref. 114/36, Senior Personnel Officer, The Yanbu Project, The Ralph M Parsons Company Ltd, Parsons House Kew Bridge Road, Brentford, Middlesex TW8 0EH. 01-568 5051.**

RMP Ralph M. Parsons

APPOINTMENTS WANTED

MIDDLE EAST
FINANCIAL MANAGEMENT

Englishman—Qualified Accountant, 55 years, presently employed as Finance Manager to large Saudi Arabian trading group with turnover US $700,000,000—engaged primarily in automotive and allied industries. Seeking further challenge in Saudi Arabia or Gulf area—background automotive manufacture and distribution in U.K. and overseas, fast moving consumer goods and general trading. Accustomed to top level negotiations with bankers and long experience in liquidity control, mobilization of funds, acquisitions and project analysis, diversification and development, foreign exchange transactions, budgetary control, management accounting and computerized systems. Accustomed to multinational environment, active, resourceful and proven self starter—present basic salary US $60,000 plus various benefits. Please reply to Box A.6441, Financial Times, 10, Cannon Street, EC4P 4BY.

INTERNATIONAL BANKING

INTERNAL AUDIT **c. £7,000**

Major U.S. bank seeks to augment its European audit team with a top-notch young banker, 25/30, experienced in international banking (or possibly Clearing bank inspection), with his/her A.I.B. and capability in a second European language.

EUROBOND SETTLEMENTS **to £4,500**

Three of our client banks, each very active in both primary and secondary markets, offer a first-class career to a young person with a good knowledge of Eurobond administration and clearing procedures.

BK. OF ENGLAND RETURNS **c. £4,250**

Excellent opportunity for one whose F.X./Accounts experience includes B. of E. Returns to develop with a vigorous City consortium bank.

Please telephone — in confidence — either John Chiverton, A.I.B. or Trevor Williams.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London, W.C.1.
01-242 5841

BRISTOL

INVESTMENT DIRECTOR'S ASSISTANT

Financial consultancy requires an administrative and dealing assistant to the Investment Director in Bristol. Experience with stockbroking or Unit Trust organisation essential. Age 28-30; salary and benefits up to £6,000 p.a.

Apply with c.v. to Ref. BL c/o Mr. A. C. Smith, Turquands, Barton and Mayhew and Co., Prince House, 1, Prince Street, Bristol 1.

APPOINTMENTS

Senior NCB post for Kenneth Moses

Mr. Kenneth Moses is to become deputy director-general of mining and director of planning and major projects at the NATIONAL COAL BOARD from August 21. He succeeds Mr. Peter Rees, who left the NCB in June to become a private mining consultant. Mr. Moses was previously chief mining engineer to the NCB North Yorkshire Area at Allerton Bywater. His new post will be at the board's Hobart House headquarters and his responsibilities will include overseeing progress of its development and reconstruction programme.

★

Mr. W. P. Higgins has been re-appointed a part-time member of the NATIONAL BUS COMPANY until December 31, 1979. Mr. Higgins is chairman of the Central Transport Consultative Committee.

★

Mr. Andrew S. R. Davidson has been appointed to the boar dof the BRITISH LINEN BANK. Mr. Davidson, a joint general manager of the Bank of Scotland, is resident in London.

★

Mr. Frank Andrew

Mr. Frank Andrew, previously managing director of Leyland Australia has been appointed general manager of LEYLAND VEHICLES' medium/light vehicle division. He will be based at the division's headquarters at Wester Hailes, Edinburgh, and will be responsible for the business activities of Leyland's two Scottish factories—the Albion plant, Scotstoun, Glasgow, and the Bathgate plant, West Lothian.

★

Mr. Richard Groom, who has been appointed regional manager in Bedford of the GATEWAY BUILDING SOCIETY, was previously regional manager for its Midlands and North region.

★

Mr. Alan Guest, chief inspector of BARCLAYS BANK, has been appointed regional general manager of its South West region from September 9. He succeeds Mr. Robert Pearce, who is retiring. Mr. John Rutter, at present on secondment to Barclays Bank International, will succeed Mr. Guest.

★

Sir Edmund Liggins, senior partner in the company's solicitors, and a past president of the Law Society, has joined the board of J. AND H. B. JACKSON as a non-executive director. Mr. H. F. Cooper has retired as a director of the group, but will continue as chairman of the Hughes-Johnson Stampings and of Light Metal Forgings, two of the subsidiaries within the forging division.

★

Mr. David Johnson has been appointed secretary of the GODALMING LAUNDRY and its garment rental services division. Mr. Johnson was previously accountant to the company.

★

TI BAINBRIDGE SILENCERS, part of TI Steel Tube Division, has announced the following appointments: Mr. B. W. Lees becomes director and general manager, Mr. A. W. Bradley, sales director, Mr. M. J. Hargreaves, technical director, Mr. J. S. Walker, financial director, and Mr. E. C. Pace, operations director. Mr. Lees was previously a director of Butler Automotive Products: Mr. Bradley, divisional general manager, sales divisioin,l Edmunds Walker; Mr. Hargreaves, director of research, TI Cheswick Silencers; Mr. Walker, group chief accountant and secretary, TI Bainbridge Silencers; and Mr. Pace, general manager, TI Northfleet Silencers.

★

Mr. L. A. Maybury, deputy-chairman, is to retire from the board of LCP HOLDINGS in September, but will remain a consultant to the company's fuel and builders' merchanting operations.

★

Dr. A. J. Kennedy, who joined the DELTA METAL COMPANY on January 1 has succeeded Dr. Ivor Jenkins as director of research following Dr. Jenkins' retirement.

★

SAVAGE INDUSTRIES. Mr. G. L. Paxton, has been appointed managing director, and Mr. V. L. J. Taylor, commercial director. Mr. Paxton joined Savage Industries earlier this year. Mr. Taylor has responsibility for commercial supervision throughout the group.

★

Mr. John Newman, who has been appointed a director of REUNION PROPERTIES CO., is a director of Robert Fleming and Co.

★

Mr. P. W. McGrath has joined the board of CATHOLIC HERALD. Mr. McGrath is chairman of the Waterford Glass Company, and also chairman of the Hospitals Trust.

CONTRACTS

Cable vulcanising plant for U.S.

GENERAL ENGINEERING, wire and cable machinery manufacturer of Radcliffe, Greater Manchester, has won an order worth $1m (£500,000) to supply an electric cable vulcanising plant to Kerite, cable manufacturers of Seymour, Connecticut.

The plant is the first using the PLCV (pressurised liquid salt continuous vulcanising) system to be sold in the U.S. Three smaller PLCV plants worth about £1m are currently being installed in the UK, and contracts valued at around £2m are currently in the final stages of negotiation, General Engineering claims.

The PLCV system, compared with other methods of making electric cables, is said by General Engineering to be faster, more reliable and economical to operate. It provides a commercially viable alternative to the established continuous vulcanising methods of making electric cable which uses steam to supply the heat required for vulcanising. The system was originally developed in Italy.

★

CRYOPLANTS, North London, part of BOC, has won a £2m order for an air separation plant from Afrox. The plant will be located at Germiston, ten miles from Johannesburg, and will produce 120 tons per day of liquid oxygen, nitrogen and argon. Production is scheduled to start early in 1980.

A 1000-line containerised Pentex electronic telephone exchange has been ordered by the Department of Posts and Telecommunications of the Republic of Transkei from PLESSEY TELECOMMUNICATIONS. The equipment, valued at £300,000, is expected to be delivered early in 1979. The Pentex is the commercial version of the Plessey-developed TXE2. In its mobile container it is factory-commissioned and designed to be operational within days of its arrival, needing only mains power to be connected.

★

TAYLOR INSTRUMENT, Stevenage, has an order from Davy Ashmore International for a process control system for an 11.5 metre blast furnace to be built for Acominas, at Ouro Branco, state of Minas Gerais, Brazil. The order is valued at about £400,000. Three consoles at the heart of the system will form a 20 ft diameter circular control centre.

★

COLE EQUIPMENT is to supply MISR Petroleum Co., Egypt, with 10 chillers for grease cooling and salination processing. The chillers, worth £120,000 are to be installed in plants in Cairo and Alexandria.

★

A Strunck compact ampoule filling line costing £220,000 is being supplied to the Iranian "Darou-Pakhsh" Welfare Organisation by ROBERT BOSCH PACKAGING MACHINERY (UK), Acton, as part of the organisation's expansion of its ampoule department. The expansion project is being managed by the Glaxo Group, which is responsible for the supervision of manufacturing, routine purchasing and expansion projects for the Darou-Pakhsh organisation.

★

A contract for the export of eggs to countries outside the European Community has been concluded between the National Egg Packers Association and Intereggs. In collaboration with the Northern Ireland Egg Merchants' Association and the Scottish Federation of Egg Packers, NEPAL is undertaking the largest single contract to date and the eggs will move out of the UK over a period of weeks starting now.

★

GLACIER METAL CO. part of the Associated Engineering Group, has been given an order worth more than £100,000 from AEG, West Germany, to supply vertical thrust and general bearing assemblies for 12,500 hp nuclear reactor coolant circulators. The equipment is for a nuclear power station building in the U.S. for the Tennessee Valley Authority.

★

Valued at £16,500, extruded seamless heavy wall pipe in a high strength low alloy steel, is to be supplied by Cameron Ironworks to ACC Vickers Babcock in West Bengal, for use by Mazagon Docks, as marine pressure vessels. Dalmine, Italy, has placed a £50,000 order for Cameron 700 mm large diameter seamless alloy steel pipe for an Italian power station project. From Spain, Walthon Weir Pacific has placed with Cameron Forged Products a £53,000 order for gate valve bodies for power station applications.

★

HEENAN COOLERS, Worcester, has supplied two double flow packaged water cooling towers worth £12,000 to Bryan Donkin Company, Chesterfield, for delivery to Hong Kong. The towers will be incorporated in the closed circuit cooling water system for two diesel engine driven 12-inch stroke, three crank vertical compressors. Each tower is required to cool 28,000 galls./hr of water from 130 to 90 deg. F.

★

APV INTERNATIONAL, Crawley, Sussex, has won a £300,000 contract to ship eight Paraflow plate heat exchangers and auxiliary equipment to Hong Kong before the end of this year. The equipment will be used for cooling re-circulated sea water for the harbour city project, being developed by the Hong Kong and Kowloon Wharf and Godown Co.

★

RTC (Real Time Control), Watford, has won its first order for a warehouse computer control system from a member of the Keencost Cash and Carry Group. Heddens is to install a £45,000 RTC system at a 25,000 square foot warehouse nearing completion in Luton.

COMPANY NOTICES

THE EDINBURGH AND DUNDEE INVESTMENT COMPANY LIMITED

At an Extraordinary General Meeting of the above named company, duly convened, and held at 100, Wood Street, London, on the 28th day of July, 1978, the following Special Resolution was duly passed, viz.,

RESOLUTION

"That the Company be wound up voluntarily and that Robin A. F. Wight of 35, St. Andrew Square, Edinburgh, be and is hereby appointed Liquidator for the purposes of the said winding up."

J. J. McLACHLAN, Chairman.

The Companies Acts 1948 to 1967
Members' Voluntary Winding Up
Notice of Appointment of Liquidator
Pursuant to section 305 of the Companies Act 1948
Name of Company—The Edinburgh and Dundee Investment Company Limited.
Nature of Business—Investment Trust Company.
Address of Registered Office—3, Glenfinlas Street, Edinburgh EH3 6YY.
Liquidator's Name and Address—Robin A. F. Wight, 35, St. Andrew Square, Edinburgh EH2 2AD.
Date of Appointment—28th July, 1978.
By Whom Appointed—The Shareholders.

Dated the 2nd day of August, 1978. ROBIN A. F. WIGHT.

THE EDINBURGH AND DUNDEE INVESTMENT COMPANY LIMITED
In Members' Voluntary Liquidation
NOTICE TO CREDITORS

Take Notice that all creditors of the above company must lodge claims with the undersigned on or before 15th September, 1978.
Note:— All known creditors have been, or will be, paid in full.

ROBIN A. F. WIGHT.
35, St. Andrew Square, Edinburgh EH2 2AD

MAKITA ELECTRIC WORKS, LTD. (CDRs)

The undersigned announces that the Annual Report (year ended February 20, 1978) of Makita Electric Works, Ltd. will be available in Amsterdam at:

Pierson, Heldring & Pierson N.V.,
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope NV,
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 3rd August 1978

TOKYO SANYO ELECTRIC COMPANY LTD (CDRs)

The undersigned announces that as from August 22, 1978 at Kas-Associatie N.V., Spuistraat 172, Amsterdam and Banque Générale du Luxembourg S.A., 14 rue Aldringen, Luxembourg, div.cp.no ... (accompanied by an "Affidavit") of the CDRs Tokyo Sanyo Electric Co. Ltd. will be payable with $ 1.36 net per CDR, repr. 100 shs and with $ 13.60 net per CDR, repr. 1,000 shs (div. per record date 31.5.78: gross Yen 5.— p.sh.) after deduction of 15% Japanese tax = Yen 45.— = $ —.24 per CDR, repr. 100 shs and Yen 450 = $ 2.40 p.CDR repr. 1,000 shs. Without an Affidavit 20% Jap. tax (= Yen 60 = $ —.32 p.CDR, repr. 100 shs and Yen 600 = $ 3.20 per CDR, repr. 1,000 shs) will be deducted.

After 31.12.78 the div. will only be paid under deduction of 20% Jap. tax with $ 1.28 and $ 12.80 resp. net, in accordance with the Japanese tax regulations.

Amsterdam, August 8, 1978
AMSTERDAM DEPOSITARY COMPANY N.V.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
JOHN BETTS & SONS LIMITED.
NOTICE IS HEREBY GIVEN pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at The Connaught Suite, Imperial Hotel, Temple Street, Birmingham, B2 5DR, on Friday, the eighth day of September, 1978, at 12.00 o'clock in the forenoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 11th day of August, 1978.
By Order of the Board.
J. J. HERBERT, Secretary.

PUBLIC NOTICES

SLOUGH BOROUGH COUNCIL
£900,000 Bills issued 16/8/78, due 15/11/78 at 8 61-64%. Total applications £6,800,000. Outstanding Bills £900,000.

BOOKS

Literary pioneer

BY PETER QUENNELL

Henry Harland, His Life and Work by Karl Beckson. The Eighteen Nineties Society, £6.25. 171 pages

Five years after the demise of *The Yellow Book*, the avant-garde literary magazine that had helped to make his name, Henry Harland told an American reporter how, on January 1, 1894, a particularly dismal day when "one of the densest and soupiest and yellowest" of Victorian fogs lay heavily across London, he and Aubrey Beardsley had sat before the fire and agreed that it was "quite a pity and a shame" that editors and publishers should so regularly refuse their manuscripts "'Tis monstrous, Aubrey,' I said . . . And then and there we decided to have a magazine of our own."

Arthur Waugh, who attended the accouchement at a somewhat later stage, added that the new magazine was not designed to reflect the tastes of a single coterie or school, but to be "thoroughly representative of the most cultured work which is now being done in English literature." Harland, a devotee of Henry James, promptly called upon the great man. He was well received; James seemed mildly flattered. He had been invited, he wrote, "and all urgently," to contribute to the first number, "and regaled with the golden truth" that he need fear no kind of censorship: his composition might "absolutely assume, might shamelessly parade in," the "organic form" he had himself devised.

Thus Harland secured "The Death of the Lion" to dignify his opening issue; while other early contributors, besides Saintsbury and Gosse, included the brilliant young essayist Max Beerbohm, who supplied his provocative "Defence of Cosmetics," and a bold array of modern poets, Richard Le Gallienne, John Davidson, Ernest Dowson and Verlaine's crony Arthur Symons, whose offering, though entitled "Stella Maris", celebrated the fatal allure of a nineteenth-century street-girl. Despite his reputation as a slightly frivolous wit, Harland proved both a zealous editor and a conscientious businessman. "Under £2 a thousand," he assured his publisher, John Lane of the Bodley Head, was the most that he proposed to pay; and Lane was further comforted by the excitement that *The Yellow Book* aroused and by the huge demand for copies. Aubrey Beardsley's strange drawings, which he suspected might incorporate phallic symbols hidden among their decorative arabesques, were no wthe only feature of the magazine that Lane found puzzling and disturbing. If Harland left the office and darted off to Paris, he would examine them with special care, and even scrutinize them upside down.

The success that *The Yellow Book* achieved was also a success of scandal. Harland continued to throw his net wide; but many distinguished authors, notably Kipling, Hardy and Meredith, still refused his invitations; and London journalists attacked both Harland and Lane as prophets of the sinister aesthetic movement that had already thrown up Oscar Wilde. "Be mystic, be weird, be precious, be advanced" was the maxim, one journalist imagined, of "the Bodley Head disciples." Henry James himself, an easily flustered man, soon manifested vague alarm. He had begun, he admitted, to "hate the horrid aspect and company of the whole publication." Nevertheless, he regained courage, promised another tale, "The Coxon Fund," and sometimes joined the editor's "at homes," where he wandered around the room "seeking the word he wanted for the completion of his sentence."

Between 1894 and 1897 *The Yellow Book* ran to 13 volumes; and there is no doubt that in his journalistic rôle Harland was a pioneer, who did much to advance the cause of free expression and release contemporary writers and editors alike from the ponderous shackles of the late-Victorian moral code. He might perhaps have gone a good deal farther had not the Oscar Wilde case, during the spring of 1895, brought back all the old restrictions. Beardsley had to be thrown overboard; and Harland naturally deplored his loss. But critics, reviewing the next number, observed a vast improvement in its literary tone. Not only was it free, announced *The Bookman*, of "any suspicion of moral slime;" but the stories it published were "far more wholesome" and considerably less ecentric.

By this stage of his career, Harland, long consumptive, had become a very sick man. *The Yellow Book* was allowed to expire in April, 1897; and its editor died abroad, at the age of 44, on December 20, 1905. His brief existence was certainly worth describing; no biography has hitherto appeared; and Dr. Karl Beckson's study of Harland's life and work, based on 315 unpublished letters, is a sensible, compact and unpretentious book, *which gives us a full* account of Harland's achievement and at least an outline of his character. He had been a highly successful and decidedly original novelist in the United States—Brooklyn was his prosaic birthplace—before he settled down in Europe; but Paris and London—particularly Paris—confirmed his passionate devotion to the art of writing prose. As a prose-writer he was frequently ineffective; he loved words, yet suffered, we learn, from "a torturing fastidiousness." His true function was that of a literary middle-man, an inspired host and a "fierce and volatile" talker, who encouraged the friends he gathered about him to realise their native gifts.

Harland was happily married and owed much to the assistance of his patient wife Aline; but Dr. Beckson hints that his emotional life may now and then have been tempestuous. When he was 34, he developed a fervent *amitié amoureuse* with a 22-year-old blue-stocking Olive Custance, who afterwards married the terrible Alfred Douglas; and their correspondence suggests that beneath a mask of frivolity he concealed a dark and self-tormenting spirit.

Arthur Symons once described him as "a writhing mass of nerves"; and Aubrey Beardsley's pencil portrait lends him a positively satanic air. Though Dr. Beckson does not pretend to have dug very deep into Harland's personality, he has produced an informative and often amusing book on a neglected man of letters.

Crimes

BY WILLIAM WEAVER

Black Camelot by Duncan Kyle. Collins. £4.95. 277 pages

Duncan Kyle is just about the ideal thriller writer. He has a knack for inventing unlikely settings (or re-inventing: his locales are based on scrupulously-researched facts); he creates characters that are immediately persuasive and always original; he is a master of spare, essential prose. His last-but-one story was set in an Arctic waste so convincing that you shivered as you turned the pages. His new book brings back to harrowing life the last months of the war, and you can almost smell the smoke and the rubble-dust, taste the strong sweet W.D. tea.

But—as one would expect from this author—that period is seen from an unusual angle. The protagonist is a Nazi, a man with nothing to lose, surrounded by other losers. A number of historical figures appear in the story—Nazis like Ernst Kaltenbrunner, Heinz Macher, Admiral Canaris—and it is a tribute to Kyle's skill that the reader is often unable to tell (unless he is a modern historian, a specialist) which characters are real and which are products of the novelist's imagination.

Most important, this is a thriller that actually thrills. The story is rich in incident, adventure, escapes and pursuits; and it ends with a spectacular conflagration, an appropriate, vivid Götterdämmerung.

The Luxembourg Run by Stanley Ellin. Cape. £3.95. 272 pages

Trust Stanley Ellin to provide a fool-proof plot. But he gives you a great deal more than that: just when the story seems to be moving in a predictable form (neophyte gangster against older, tougher boys), it shifts course and sets off in a new and exciting direction (a pattern of *Monte-Cristo* multiple revenge). Jumping brusquely and plausibly about Europe (with some splendid American chapters, too), the book cries out to be filmed, as it no doubt will be. A large, varied cast of characters, from the underworld to the most upper of crusts.

Girl in a Blue Shawl by Sylvia Sherry. Hamish Hamilton. £4.95. 217 pages

A very successful, very literary construction, this novel concerns a Victorian scandal and murder, among the ultra-respectable rich and middle class in Liverpool. A modern narrator is given a box of documents, which he arranges to tell his story: juxtaposed diaries, the unpublished memoirs of an investigator, some letters. Sylvia Sherry does all this cleverly, and the reader feels that extra, surreptitious delight that comes from reading other people's secrets.

Sir Ernest Cassel, Sir Thomas Lipton and Alfred Harmsworth covet Edward VII's throne in a drawing by Max Beerbohm

Teddy's friends

BY C. P. SNOW

The Rise of the Plutocrats by Jamie Camplin. Constable, £6.95. 340 pages

With romantic longing, Scott Fitzgerald said: The rich are different from us. Yes, they've got more money, replied Ernest Hemingway. As a rule, one would prefer to see Fitzgerald get the better of the exchange, for he was by far the better-natured man. In this case, however, he didn't. The rich, in Mr. Camplin's gossipy and lively book, don't seem specially different from most of us, anyway most of us at our crassest: but they certainly had more money.

Mr. Camplin's "Plutocrats" are a section of the very rich, flourishing between about 1870 and the beginning of the First World War. Camplin would like to represent them as characteristic of what he calls the second industrial revolution, i.e. the first rush of mass production of consumer goods. In fact, very few of his people fit neatly into this specification — perhaps Harmsworth, Cadbury, Lipton, Guinness. Many of the others, Hirsch, Wernher, Sassoon, Cassel, were manipulators of money, some brilliant at it, one or two, such as Hooley and Whitaker Wright, plausible conmen.

There was nothing uniquely late nineteenth century about even the best of these financiers. One can find men like them, ever since accumulations of money have been possible. Crassus would have made a reasonable addition to the Camplin plutocrats: so would several of the Medici, though that family had greater gifts and were luckier in their time.

Luckier because they could do something with their money. They could, and did, buy power. The striking feature of most of the Camplin *galère* is how little power they managed to buy. Harmsworth, and Max Aitken after him, imagined that they could acquire power through their newspapers. It turned out otherwise. Cecil Rhodes, who like Aitken had dreams of empire more rapturous than dreams of wealth, didn't make them real. If he had lived longer, he would have been more disappointed still. Even the most prodigious American fortunes haven't been able to buy real power except for a short period in a single industry, as with Rockefeller and Ford.

What the Edwardian plutocrats really could buy was somewhat surprising. It was the company of Edward VII. Either as Prince of Wales or King, Edward would have enthusiastically approved of the judgment of Scott Fitzgerald. The rich are different from us, meaning by us, the people who taxed and bored him. On the other hand, the rich were not different from himself. Actually, the King of England can't have felt genuinely poor, even by the side of Ernest Cassel.

Why such plutocrats became his closest intimates, neither this account nor the fuller studies begin to explain. He seems to have found them comforting and comfortable. Presumably they didn't want anything material out of him, though they weren't indifferent to honours. Some were as self-indulgent as he was himself, and gormandised away at enormous meals and enormous quantities of food. Gluttony reached its highest peak among the Edwardian rich. Edward's plutocrats weren't tiresomely intellectual, and their conversation didn't worry him. They often had his own kind of mundane shrewdness. They didn't interfere with, and apparently didn't share in, his chasing of women. If he wanted allies there, he had other sources.

His multi-millionaire cronies made a strange kind of royal kitchen cabinet. Perhaps we should remember, though, that Edward was not the only notable figure to be hypnotised by great wealth. American Presidents have been just as vulnerable. Intellectuals like Shaw have had weaknesses in the same direction.

Could it happen today? Oh yes, provided the rich were ostentatious enough. The present style of the very rich, as with some of the Texan billionaires, is so quiet and modest that they aren't such an attraction. They tend to live as simply as one of Trollope's dukes, and spend their energies discreetly endowing academic institutions. Edward VII's idea of a good time would be markedly different from theirs.

Two Nelsons

BY ALAN HODGE

Nelson by David Walder. Hamish Hamilton, £12.50. 538 pages

Wellington met Nelson once in 1805, not long before the battle of Trafalgar; it was in the ante-room of Castlereagh, who was Secretary for War and the Colonies. Wellington recalled:

"Lord Nelson was, in different circumstances, two quite different men. . . . He could not know who I was, but he entered at once into a conversation with me in a style so vain and silly as to surprise and almost disgust me."

Nelson then went out of the room and discovered from an attendant that his sun-tanned companion in a scarlet coat was Arthur Wellesley, the victor in Maratha wars, though not yet in Portugal or Spain. When Nelson came back, Wellington wrote: "All that I thought a charlatan style had vanished, and he talked of the state of the country and the aspect and probabilities of affairs on the Continent with a good sense, and a knowledge of subjects both at home and abroad that surprised me equally."

It was the charlatan side of Nelson when he was in command in the Mediterranean that had been entranced by life at Naples, his love for Emma Hamilton and their curious ménage à trois with Sir William, then Ambassador to the King of the Two Sicilies. But Emma Hamilton to him was not just a striker of attitudes and the former mistress of several people of distinction. She became a centre of his life. When he left his home to join the *Victory* at Portsmouth on September 13th, he wrote in his diary: "Friday night at half past Ten drove from dear dear Merton where I left all which I hold dear in this World, to go to serve my King and Country." Emma and her daughter, Horatia, were not rewarded by the country after Nelson's death and ironically, Nelson's Earldom and a grant of public money passed to his least regarded brother, the Reverend William.

On the news of Trafalgar, Mr. Walder quotes Coleridge, who was in Naples during his tour of Europe. Coleridge wrote: "The tidings arrived at Naples on the day I returned from Calabria; and never can I forget the sorrow and consternation that lay on every countenance . . . Numbers stopped and shook hands with me, because they had seen tears upon my cheek, and conjectured that I was an Englishman." Coleridge, who had served one of Nelson's captains, Admiral Sir Alexander Ball, as a secretary in Malta, added, no doubt reflecting Ball's views: "Lord Nelson was an Admiral, every inch of him . . . Though his temper was constitutionally irritable and uneven, yet never was a Commander so enthusiastically beloved by all ranks, from the Captain of the Fleet to the youngest Ship-boy." Coleridge is perhaps an unexpected witness to quote upon Nelson's virtues and defects, but admirably chosen by Mr. Walder.

One of the Admiral's oddities was enjoying wearing prominently his numerous medals and savouring the name of his Sicilian dukedom, Bronte. This caused some contemporary mockery. But no one denied Nelson's great naval gifts. Many books have been written about him, and about special aspects of his career. Mr. Walder has drawn with skill upon his predecessors' volumes. He is excellent on the background of a Norfolk parsonage, the early service in the West Indies, on the long command in the Mediterranean, and on the very different tactics—always attacking—presented by the battles of St. Vincent, the Nile, Copenhagen and Trafalgar. A long volume is not always a pleasure or instruction to read throughout, but Mr. Walder's is both.

Dr. Watson triumphs

BY COLLEEN TOOMEY

The Case of the One-Penny Orange by E. V. Cunningham. André Deutsche, £3.95. 160 pages

The Last Sherlock Holmes Story by Michael Dibdin. Jonathan Cape, £3.95. 192 pages

Rex Mundi by George Sims. Gollancz, £3.95. 160 pages

E. V. Cunningham—a successful author? He must be to keep one character on the boil and entwine the reader's imagination with yet another book, *The Case of the One-Penny Orange*. Gently his Nisei Japanese hero, Detective-Sergeant Masao Masuto, leads us into a fascinating arena that first begins with a ransacked house in Beverley Hills, takes us into a murdered stamp dealer's shop and to the scene of his assistant's violent death.

The story hinges on one small stamp—the most valuable stamp in the world. The Mauritius One-Penny Post Office 1847. Auctioned, it could fetch nearly $500,000. The search for the murderers has the Beverly Hills police ferreting into the background of German SS men, of Jewish war prisoners. Tramping through libraries, talking to the rich and corrupted, the poor and corrupted citizens of Los Angeles and at the centre of it all is the watchful eye of Masuto.

The book begins a little slowly with a few peripheral details but quickly hots up and swatches scene and train of thought in a pert, ordered way — much like a visual display unit of Masuto's mind. Cunningham's characters are solid, easily disgestible without being laboriously described. He lets the action carry the personalities along.

Even for those who have not followed Masao Masuto through Cunningham's previous novels, there is sufficient information about this American-born Japanese and his quirkisms not to feel outpaced — more curious, in fact, to see what he was up to before you grasped this book and what he will get up to next.

And now a book which will have Sherlock Holmes addicts and Moriarty fans standing on their heads. Outcry and denials of the existence of *The Last Sherlock Holmes* by Michael Dibdin must surely follow. But Dr. Watson triumphs at long last.

As most fans of Sir Arthur Conan Doyle's know when he wrote, Jack the Ripper was running riot—so too was Moriarty as John Gardner fans well know. A difficult task then to throw the tales of both authors aside and create from the basic premises a story never before told—of a document revealed two years ago written in Dr. Watson's careful hand revealing the *true* demise of his dear friend Holmes and the fate of the sordid but equally brilliant Moriarty.

Michael Dibdin brews up a personality for Holmes that shocks even his most loyal companion and champion of justice, Watson. Tottering on the incredible, Dibdin recreates the scenes between Scotland Yard, Watson, Moriarty and Holmes. Just as you are about to lose interest he springs another surprise fact on you which keeps you hanging until the next outrageous revelation. Written in a style not unsuited to the topic, posing intriguing questions—some of which still have to be answered. I can't help feeling that Dibdin's ingenious mind has opened a crevasse wide enough to take a few more books debating the demise. All I can say after reading this book is, Good Luck to them.

It takes George Sims almost three-quarters of his book to let us in on the reason for calling it Rex Mundi. A mystery in itself, you might say.

Opening scene: Theo's Taverna in Corfu. Harry Gilmour is a middle-aged antiquarian book dealer (ex-boxer into the bargain) with a nose for gossip and an eye for a pretty young girl. As the book-flap says, "Holiday on Corfu: sun, sea and sex." Fine. But plodding though long-winded character analyses of Harry's holiday chums and describing their antics makes you wonder if you are reading a mystery novel or a nosey-parker's holiday diary. It is just as well Mr. Sims is a talented writer. He seems to have an instinct for descriptive words and an eye for detail, making even the operation of putting on socks seem significant.

His flow of words got me through to the second-half of his book when the intimations of the first half at last became more apparent and reasonable.

Mr. Sims has hit upon an interesting historical saga and created eminently capable characters to delve into it. The sudden deaths of two tourists become linked with the ancient Albigensian cult which believed that Satan was the ruler of this world but that salvation from "purgatory" was on hand.

Ballet and bathos

BY CLEMENT CRISP

To Dance by Valery Panov with George Feifer. W. H. Allen, £6.95. 400 pages. Illustrated.

Natalya Makarova by Richard Austin. Dance Books Ltd. £4.95, 140 pages

The Panov Affair was headline news for so long that the misery endured by Valery and Galina Panov in their attempts to leave Russia seemed overlaid by protests and petitions and the rallying of sympathisers to plead the cause of common humanity. In the last 60 pages of this book, which is Panov's story as set down by George Feifer, there is a dignity amid the horror that the Panovs endured in their last two years in Russia which would be welcome throughout the rest of what I found to be a luridly over-written and unsympathetic narrative. *The Feifer style* combines the riper elements of Amanda M'Kittrick Ros (the illustrious authoress of *Delina Delaney* and other masterpieces of the bathetic) with the coarsest pulp-fiction manner. A sample will give the flavour:

"Shame and misery twisted Galya's teenaged face. "It's all right, I understand" I said to myself. The ballerinas who had cursed me had been her idols since she could remember. They were crushing her like a doll under a tank. She had reached the centre of the floor, hesitated there. I wanted to run. But she did not kneel down, I saw her advancing to me like a stricken Giselle, from some realm of purity. She did not try to speak. She stopped at my side and soundlessly laid her head on my chest. I kept myself from crying. I had never been so happy in my life. *She* was what ballet was meant to be about."

Thus the general tone of a volume which traces Panov's story from boyhood in Vilnius, by way of a disrupted education, both academic and balletic, his first seduction—we are spared nothing, not even "incredibly white thighs" or sobs or "cosmic joy"—membership of the Leningrad Maly Ballet, and an invitation to appear with the Kirov Ballet. But his dancing, like the extravagant temperament which rampages through this book, is hardly possessed of those noble and refined qualities we associate with the Apollonian Kirov style. And this seems to me to be the central problem of Panov's career, for the book presents us with a man excessively emotional, so intensely subjective in judgment that he cannot conceive of the art of dancing for himself as anything but fiercely expressionistic. Any more "classical" and considered view appears incomprehensible, and I suspect that his real tragedy is that he was invited to the Kirov rather than to the more overtly theatrical Bolshoy in Moscow.

In nothing that he writes, or *that I have seen him dance, does* his sojourn with the Kirov indicate the refining and sharpening of abilities which such an association should have brought to his natural gifts. His is a self-willed view of ballet. To describe the Kirov's ballerine as "machine-stamped"—the classically perfect Kolpakova; Makarova; Sizova; Komleva; Zubkovskaya; even Ulanova and Dudinskaya?—shows a lack of sympathy with what the Kirov style, for me the most beautiful in the world, can do to unify and ennoble technique and expression.

Panov's belief that choreography can be subjected to the whim of a performer—Panov—to suit his idiosyncratic technique ("my body was inexhaustible; my naked technique almost astounding") is not a view attractive to Western observers.

Typically the book casts people as either heroes or the deepest-dyed villains: Kaleriya Fedicheva and Kolpakova are baddies; the distinguished Konstantin Sergueyev is a goodie; *the late, wonderful* Yury Solovyov is admired, but how ungraciously: "his face was flat as a pancake awaiting its sour cream, and completed the picture of a typical Russian peasant lad, although he was the nearest thing to the Kirov's leading male." (I would remind readers that at this time Vladilen Semenyov and Oleg Sokolov were also superb Kirov premiers danseurs; and remind Mr. Panov and Mr. Feifer that Solovyov was loved both for his beautiful dancing and for the sincerity of his artistry, in London as in Leningrad).

A recurrent theme is Panov's struggle to be taken on tour in the West, and his badgering of the Soviet authorities seems the trigger for his unhappiness. By his own testimony he was given many opportunities in Leningrad, but he justifiably observes that these were no substitutes for living and creating in freedom. And here he speaks for all Soviet creators hamstrung by the party line. Last year's Paris exhibition of "Sixty Years of Soviet Painting" was a most desperate show of official daubs which revealed a completely anaesthetised art.

For the distressing narrative that forms the final section of

she finds herself on that par-
about certain assessments of
ballets:

I find Mr. Austin's view of *Dances at a Gathering*, like the Royal Ballet's interpretation of it, too emotional by half; and is the garçonne in *Les Biches* conceivably the "ice-maiden, her eyes splintered with frozen tears" that Mr. Austin would have us see, or just a discreetly sexless figure, more page-boy than not?

Yet the greatness of an unrivalled ballerina is well

Galina and Valery Panov

the book when the Panovs strove to get to the West, there can be nothing but sympathy, and the tale ends with their arrival at Tel Aviv airport.

★

In a celebratory volume Richard Austin provides an affectionate and admiring anlaysis of Makaruva the dancer. Written with a total enthusiasm, and a total commitment to its subject, the book is a communication of feeling and of delight for the work of a ballerina. There are insights into the procedures that help make Makarova's performances so thrilling: Mr. Austin is very apt when he observes:

"We do not watch a carefully rehearsed version of the role, where every detail has been meticulously filled in; rather we see a spontaneous creation, evolved moment by moment as a result of her personal identification with the music and her ticular night." One may quibble partner, and the mood in which

stated, and the book will serve to whet the appetites of audiences waiting to see Makarova back in her rightful place at Covent Garden. I know of no Western partnership today more rewarding than that of Makarova and Anthony Dowell. It has begot marvels, and the Royal Ballet has *a duty to show* us these artists illuminating the repertory, though it is a duty that the Royal Opera House seems reluctant nowadays to accept. Can it be that they do not believe in the best? If so, the Royal Ballet as well as the public is enormously the loser.

Makarova has 17 pages of illustrations, sadly variable in quality. The photographs by Anthony Crickmay do justice, of course, to their subject. Some of the remainder are the merest snapshots and are included, I assume, because they cover roles not otherwise preserved in worthwhile pictures. Reproduction of them all is bleached, poor.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
2nd qtr.	102.1	103.2	106	102.5	222.0	1,330	163
3rd qtr.	103.8	104.9	106	104.3	234.2	1,418	151
4th qtr.	102.4	103.4	106	104.4	239.4	1,431	157
1978							
1st qtr.	103.5	103.8	98	106.3	246.0	1,409	188
2nd qtr.	104.3	104.8		107.9	254.2	1,367	213
Jan.	103.2	103.5	106	104.9	241.0	1,419	180
Feb.	103.7	103.7	116	106.8	246.5	1,409	187
March	103.5	104.4	103	107.0	249.8	1,400	196
April	105.4	105.8	104	108.7	250.3	1,387	204
May	102.3	103.6		108.4	253.2	1,366	210
June				108.6	257.1	1,366	217
July				110.5		1,371	211

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
2nd qtr.	113.4	98.1	105.2	99.2	80.5	100.2	23.1
3rd qtr.	115.5	98.6	104.9	100.1	83.3	100.7	25.4
4th qtr.	117.0	98.0	101.9	99.4	74.8	100.0	20.7
1978							
1st qtr.	116.1	99.6	104.6	100.7	76.8	99.7	17.8
2nd qtr.	116.8	99.0	106.9	101.2	83.1	100.5	26.7
Jan.	116.0	100.0	104.0	101.0	75.0	99.0	17.4
Feb.	117.0	99.0	106.0	101.0	78.0	100.0	15.3
March	117.0	100.0	104.0	102.0	78.0	100.0	20.6
April	117.0	100.0	109.0	102.0	85.0	105.0	25.4
May	115.0	98.0	106.0	101.0	[illegible]	98.0	25.1
June	118.0	99.0	106.0	101.0	90.0	98.0	29.6

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.8	−764	−365	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+537	−602	101.9	13.4
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
1978							
1st qtr.	102.3	114.3	−574	−305	−646	105.1	20.63
2nd qtr.	122.6	110.0	−139	+221	−420	104.4	16.75
Feb.	127.4	111.3	+ 43	+132	−203	104.8	20.7
March	121.4	116.9	−279	−189	−209	104.8	20.32
April	125.9	104.1	+187	+307	−149	104.0	17.04
May	119.9	114.1	−218	− 98	−155	105.1	16.66
June	121.9	111.9	−108	+ 12	−116	104.1	16.54
July	126.9	117.1	−150	− 30	[illegible]	104.8	16.74

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	23.2	12.6	8.8	+698	1,565	1,189	7
1978							
1st qtr.	24.7	24.0	17.3	+1,818	1,049	1,260	6½
2nd qtr.	8.7	16.9	24.8	+2,383	694	1,393	10
Feb.	28.8	25.5	17.9	+983	353	418	6½
March	24.7	24.0	17.5	+597	308	413	6½
April	19.1	24.7	12.6	+1,432	335	463	7
May	13.2	17.4	18.3	+1,124	212	471	9
June	8.7	15.9	24.8	+337	147	459	10
July					180		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	325.7	279.0	190.6	197.3	235.71	64.6
2nd qtr.		343.7	284.6	195.8	203.8	242.27	61.5
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	125.0	331.0	280.6	191.8	198.4	238.61	64.1
April	127.2	337.4	282.7	194.6	201.6	238.94	61.8
May	129.4	341.5	284.6	195.7	203.2	250.67	61.3
June		343.1	286.3	197.2	206.7	242.27	61.5
July		340.2	288.7			237.68	62.5

The Marketing Scene

A Press revolution in the regions

BY ALAN GARTH

WRY SMILES are developing throughout the British regional Press at a current Fleet Street misnomer. When managements, unions and assorted commentators refer to the "new" print technologies they are talking, in the main, about systems that are technologically commonplace by the standards of the regional Press and that are now operating successfully in more than 600 British newspapers.

At the same time, the regionals continue to make strong headway in revenue terms. According to the Advertising Association's recent survey, the regionals accounted for £396m worth of advertising revenue last year, only £2m behind the £398m (AA definitions) of the ITV network.

There are two main streams of technological development, each pioneered by the regional Press in the early 1960s. They are computerised photo-composition (which sets the type), and web-offset printing. Photo-composition gives speed in both the setting and composition of pages: offset printing provides quality of reproduction and colour availability.

Ideally the two systems go hand-in-hand, but it is possible to introduce one without the other. Britain's first daily newspaper using both techniques—the *Shropshire Star* — first appeared in October 1964, and was quickly followed by the *Evening Post* at Reading, the first Lord Thomson's first new newspaper. Some weeklies were moving over at the same time.

In the 14 years since, progress has been remarkable. There are now 27 regional dailies and 454 weeklies printed entirely web-offset. Five further daily centres use offset presses for part of their run.

The Thomson evenings at Blackburn and Burnley have started a £3.5m development plan to print offset and a third daily, the *Paisley Daily Express*, has already moved over to this printing method, together with some Scottish and Universal Newspapers weeklies.

When these plans are complete some 45 per cent of daily newspaper centres outside London will be using offset methods. But progress in the area of new presses is over-shadowed by progress in the setting of type and the composition of pages. Some 32 daily centres outside London are now producing totally photo-composed newspapers and a further 26 have equipment installed and working. Some 77 weekly titles, in addition to the 454 web-offset titles, are using plate techniques to print photo-composed pages on traditional machines.

In simple terms this means that 58 out of 79 evening newspapers, ten out of 19 mornings and 534 out of 1,078 weeklies no longer require blocks from their advertisers.

The capital investment required can be daunting, particularly if the installation of a new press means a move to a new building. The United Newspapers development at Northampton to print a relatively small evening and weekly cost £5m by the time it opened in May. Conversion of existing buildings, on the other hand, can be achieved for around £1m, which was the approximate price tag on the offset move by the *Halifax Courier* last year.

NEWSPAPER ADVERTISING BY CATEGORY

£m	National newspapers Dailies	National newspapers Sundays	Regional newspapers Dailies	Regional newspapers Weeklies	Freesheets newspaper format
1968	64	35	78	42	1
1969	73	38	85	48	2
1970	71	37	90	51	2
1971	70	38	94	55	3
1972	86	44	119	64	5
1973	108	53	161	83	13
1974	107	53	171	86	17
1975	108	54	176	89	18
1976	132	65	204	104	23
1977	168	83	244	123	29

Source: Advertising Association

The new production techniques mean more editions for the dailies. They can also mean considerable savings and rationalisation among the weeklies. At the new Scottish and Universal Newspapers plant in Irving, the group is producing 28 titles from seven printing centres. Only ten years ago it was producing 22 titles from 15 centres. Managing director David Campbell sees further developments, particularly in the area of free-sheets, to utilise the new capacity.

The period during which the regional Press has made the switch to new technology has coincided with aggressive growth in revenue terms. The regionals take virtually as much display advertising money as the national Press—£164m worth last year, against the nationals' £177m—although what would happen if there were truly regional editions of national newspapers printed locally is a matter for conjecture.

The strength of the regionals has long been due to the large amount of classified advertising which they carry. However there are signs that revenue increases are not only coming from local sources. National advertising, something of a *bete noir* among the regionals, is also on the up and up.

There are problems of definition here, but Media Expenditure Analysis showed "national" spending in the regional evenings at £37.7m in the year to April, 1978, compared with £33.2m over the previous 12 months, and £16.9m in the mornings and Sundays against £13.35m in the year to April, 1977. This is a "national" increase of 27 per cent for the mornings and 13.8 per cent for the evenings.

MEAL does not measure expenditure in the weeklies, and its definition of what constitutes "national" business is often at variance with the newspapers' own definitions. In fact, according to the Evening Newspaper Advertising Bureau, its members are attracting, on average, around 33 per cent of their display revenue from outside their own marketing areas; and in some towns, the total can be as high as 50 per cent.

In large part this is a reflection of changes in retail advertising, which is the backbone of the regionals' display business. Not only are advertising decisions tending to move from the local High Street to the head offices of national retail chains, but more and more national manufacturer advertising money is being chanelled through retailers.

Thus the regional Press is in danger of losing direct day-to-day control over its most important section of display business. Realisation of this fact has led to a number of moves to establish the regionals as a third partner in the co-operative advertising plans of supplier and retailer.

ENAB is co-operating with its sister organisation, the Weekly Newspaper Advertising Bureau, in the production of a dealer aid index which lists the precise offers being made by national manufacturers to their stockists. This is over and above ENAB's relatively new Co-partnership scheme, which encourages manufacturers to gear advertising allowances to stockists in relation to the goods which the retailer purchases.

This scheme has already been used by a number of leading national advertisers — British Leyland, National Smokeless Fuels, Esso and Hitachi among them. Advantages are obvious. By sharing the cost of advertisements, impact can be maintained and some of the cost arguments against the regionals overcome. And because the papers themselves produce the advertisements to the manufacturer/retailers brief, production costs are minimised.

This sort of co-operative advertising is massive business in the U.S. According to ENAB's immediate past chairman, Donald B. Anderson of United Newspapers, it could mean as big a revolution in sales for Britain's regional Press as the classified telephone selling initiative of the late 1950s.

SIR FREDDY LAKER has yet to make an application for cheap fares on the Australian run, but Qantas is not hanging around—the national airline begins a £600,000 campaign next week and, as this ad shows, in a lighthearted vein.

It is the first visible work by agency Young and Rubicam and it is partly based on Anglo-Saxon preconceptions of Australians—convicts and flying doctors and all that—and partly on the fact that women share in travel decisions.

It is also an effort by Y and R and Qantas to stand out from what they regard as the current clutter of airline ads which all seem to have either a packshot of a plane or a mugshot of a stewardess.

In addition to the newspaper colour ads Qanas is going into women's magazines since many travellers to Australia are on visits to relatives and therefore the womenfolk are among the decision-takers. There is also a range of back-up material.

The five who fought the Colmans 'fire'

"C'MON COLMANS, light my fire," the dramatic change in advertising approach by the mustard makers, revealed in large posters showing a woman in need draped on a tiger's skin and about to be relieved by a leopard carting a jar of the hot stuff, has predictably fallen foul of some sectors of the public. In all five complaints have arrived at the Advertising Standards Authority objecting to the advertisement. Some felt it unfair to women; others that it was anti-tiger. The ASA sided with the majority and passed the poster.

In all June was a quiet month for criticisms, only 64 complaints being dealt with, of which 41 related to copy. Of this number 25 were upheld, wholly or in part. As usual it was the more obscure campaigns from the more obscure agencies (and in particular from advertisers who go it alone) that were the culprits, but there were some rapped knuckles among the big names.

Allen Brady Marsh, and client Woolworth, were pushing it when they said a Prestige Pressure cooker "can cook a whole family dinner in six minutes" and the advertising has been modified. Foote Cone and Belding was stretching it a bit when claiming, for British Airways, "Why our schedule to Europe is more likely to fit in with yours," and Ted Bates inadvertently made fares to the southern U.S. on National Airlines cheaper than they were.

Even so the small nature of most of the complaints contrasts with the big defence of its work by the ASA in its foreword which argues that matters of opinion on "which party to vote for?" and "what religion to aspire to?" should be allowed freedom of expression in advertisements. Perhaps the ASA is preparing its defences against critics of the Conservative Party election campaign—and Labours' advertising when it eventually gets going?

By Antony Thorncroft

● Saatchi and Saatchi, currently bathed in the flickering political limelight, has tucked another major account into its belt—the £500,000 Godfrey Davis car hire business. The agency won in competition with Davidson Pearce and Foote Cone and takes over immediately. The account was formerly with Ayer Barker.

What the Price Commission fails to grasp

BY WINSTON FLETCHER

HAVE YOU YET read the Price Commission report on sanitary protection and other hygiene products, presented to Parliament in pursuance of Section 6(9) of the Price Commission Act of 1977? I can't particularly recommend it. It's less thrilling than *The Day of the Jackal*, less amusing than *Vets Might Fly*, less spicy than *Valley of the Dolls* and less intelligent than the *Beano*. It is even less sensible that its sister Price Commission report on patent medicines, and that is no mean achievement.

Nevertheless, and regrettably, it should be essential reading for everyone in advertising and marketing since it represents the beliefs of important and powerful people in the land; and certain of its conclusions—stated with pontifical confidence—are inimical both to consumers' interests and to every-thing that marketing is about.

Let us start with this ludicrous statement (page 1, paragraph 5):

"Advertising mainly emphasises the principal qualities sought (by the consumer), namely, security, comfort and quality; only some conveys useful information."

Rarely can you have read a sentence which manages to combine stupidity, arrogance and self-contradiction so effectively and in so few words. Unbelievably it states that the benefits women want from sanitary protection products — namely, security, comfort and quality—are emphasised in the ads . . . but that the ads do not convey useful information!

The Price Commission does not deign to define quite what information it believes the ads should contain; presumably the ads should emphasise the principal qualities *not* sought by consumers. Arbitrary, incomprehensible statistics? The chemical formulae of the wadding materials? The unit weight (in both metric and avoirdupois, of course)? The name of the machine operator's mother-in-law?

The Price Commission, and economists and consumerists and functionaries everywhere, resolutely fail to grasp that marketing companies go to very great lengths, and very great expense, to discover exactly what information consumers do want to know about the products they buy.

If consumers call for lots of detailed data—as they do in unit trust advertisements—the marketeers willingly supply it; if consumers do not want or do not care about or would not read, understand or remember such data, then marketeers do not stupidly try to foist it upon them.

Let us continue. The report repeatedly attacks advertising for being a "formidable barrier" to entry into the market, and thus a restraint to competition. No matter that the costs of advertising are as nowt compared with the starting-up capital costs of plant; no matter that advertising is the most highly competitive of market place activities; no matter even, as the report itself reports, that several companies have in fact tried, and are still trying, to launch themselves into the market in recent years. With its characteristic determination not to be confused by the facts the Commission asserts (page 10, paragraph 2.14):

"In our view the prices which consumers have had to pay have been appreciably higher than they would have been under more open competition."

I know little about mass production costs of sanitary protection goods—in which state of bliss I am patently in good company. However, I know enough about the production costs of similar goods to know that even at high volume production levels great economies of scale are still achieved when volumes increase further. As my old economics tutor used to say, it's a function of the amortisation of massive factory overheads in the cost per roll.

Nowhere does the report even contemplate this less-than-revolutionary thought. Instead, the Commission cheerfully calls for new entrants, the inexorable result of which would be shorter production runs, higher costs and thence—I'll take a fiver to a withering pound in the Commission's pocket—higher retail prices. That's a consumer benefit?

Finally, because it so perfectly epitomises the Commission's thinking, I cannot resist quoting this remarkable criticism (page 10, paragraph 2.13):

"Innovation in the tampon market has been limited to improvements of existing products."

You lazy Sanpro manufacturer! Start improving some non-existent products! or make your existing products a little worse! Under no circumstances advertise that your tampons offer comfort, security or quality.

Word has it that the Advertising Association is to undertake the Herculean task of educating the Price Commission; sooner them than me. In a desperate last effort to convince myself the world is still sane, I am going back to Desperate Dan.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Sheet metal cut to any shape or size

ECONOMICAL production of cutbacks of any shape or size in sheet metal (up to 12 mm thick) or in plastics is the claim made by Trumpf for its copy punch press which combines the speed of the punch press with the versatility of the copy and co-ordinate nibbling machine.

Ability to perform copy nibbling greatly extends the field of application of a punching machine, most suitable for the mass production of identical cut-backs. Limitation of cutout size is eliminated and complex shapes, whose production would in other circumstances demand the purchase of an expensive punching tool, can be produced quickly and at low cost.

Any number of tools in any desired sequence can be applied and subsequent adjustment is not needed.

Punching and nibbling tools can be interchanged in 10 to 15 seconds and a fast changeover to other sheet metalworking jobs such as shearing, slotting, beading, folding, etc., is also possible.

Trumpf has called its new machine the CS20a and one of its characteristics is rigid ram guiding which safeguards the tool, giving it a long operating life while producing a clean working result. This permits the punch to be loaded off-centre so that sheet can be notched with standard punches.

Trumpf Machine Tools, St. Albans on St. Albans 61121.

Quicker methods of making tools

DEVELOPMENT WORK at Rapra on inexpensive and quicker toolmaking methods has demonstrated that cast aluminium cavity and core plates produced by the Wheeldon TP process of Selly Oak Diecastings, can successfully meet many of the requirements for prototypes and short production runs. At least 1,000 mouldings can be produced from these castings, making the manufacture of small quantities of injection mouldings an economical proposition.

The process follows traditional foundry practice coupled with special techniques to obtain void free cavity surfaces having a fine matte finish and accurate dimensional reproducibility. Sprue bushes, copper cooling pipes and inserts can be cast into place.

Design modifications can be easily made during prototype development and new cavity and core plates can be economically reproduced at even lower cost than the original to extend production runs.

Before commercial exploitation of the process is undertaken Rapra and Selly Oak Diecastings are jointly seeking the assistance of a limited number of companies in a collaborative funded project to substantiate the extent of its technical and economic value to industry and to accelerate its utilisation. The project is probably more applicable to companies concerned with the longer term design and development of injection moulded components.

Those companies involved in the engineering applications of plastics where production quantities are likely to be small and the existing costs are high should also benefit.

A seminar will be held at Rapra on November 8. Attendance is by invitation only from enquiries received by September 30.

Rapra is at Shawbury, Shrewsbury SY4 4NR. Shawbury 09391 383.

Giant lathe speeds work

BIGGEST turning machines so far built by Warner and Swasey, which has a large UK plant, are two numerically controlled units designed to handle workpieces up to 190 inches long and 42 inches in diameter.

They are to be used by Vetco, a Combustion Engineering subsidiary, on the production of wellhead housings each weighing over 12,000 lb.

Vetco is currently using conventional manually controlled turret lathes to produce the housings and it is anticipated that the new SC-45s, with their ability to carry out multiple operations without the need to stop for changes in set-up, will cut production time on these large components by half.

SC-45 machines have a large boring ram which can operate down to a depth of 65 inches. Outer and inner diameters can be cut at the same time.

Warner and Swasey, 156 Bristol Street, Birmingham B5 7AZ. 021 622 1581.

Display is easy to mount

PHILIPS has introduced a series of seven-segment light emitting diode display modules similar in layout to the company's miniature range of thumbwheel switches and having the same snap-together facility.

Modules and switches can be joined together to form neat and efficient assemblies.

Size of the symbol in the modules is 11 x 7.62 mm and it has a wide angle legibility distance of six metres. The series includes displays without decoder having common cathode or common anode, and displays with decoder either TTL compatible, or with memory — TTL compatible, or with memory — CMOS.

The housing of the modules is in tough shock-resistant polycarbonate and the snap-together assembly eliminates the need for tie bolts. End pieces, for screw or bracket mounting, and spacer units are included in the range. Termination is by means of holes in the printed wiring board, but modules with tin-plated pins for wire wrapping can be supplied.

Pye of Cambridge, St. Andrews Road, Cambridge, CB4 1DP. 0223 58985.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● INSTRUMENTS

Watch over art treasures

SERIOUS DAMAGE to the painting of the Last Supper in Milan again underlines the fact that, while galleries and museums may spend hundreds of thousands of pounds of public money to buy a masterpiece, they cannot always guard against insidious environmental attack on the pigments, or the base material or both.

Currently of special interest to those responsible for conservation is the reflectance spectrophotometer being used by the National Gallery in Britain.

Built by Professor Wright and Dr. Wassall of Imperial College, London, it has at its heart an EMI photomultiplier; a light detecting and amplifying device manufactured by EMI Electron Tubes at Ruislip, Middlesex.

The equipment is used to detect the minute colour changes that take place in paintings over a long period of time.

Light at a selected wavelength is directed from a monochomator along an optical fibre to produce a 4 mm diameter spot on the painting at a point which is monitored by photographic means. The reflected light is detected by the EMI photomultiplier and its output signal processed for computer interfacing.

This technique records data over the visible spectrum from 380 nm to 760 nm and provides very detailed information on colour changes. In certain cases it even allows identification of pigments. The equipment is calibrated by reference to light standards at the National Physical Laboratory at Teddington.

The National Gallery will use the information obtained from the spectrophotometer to help ascertain optimum environmental conditions for the display and storage of paintings.

The plan is to repeat the measurements at five year intervals on selected paintings.

EMI Electron Tubes, Blyth Road, Hayes, Middx. 01-573 3888.

Finds flow in any pipe

USING A portable instrument put on the market by Euromatic Machine and Oil Company, the fluid flow in virtually any accessible pipe can be determined simply by fixing a transducer to the outside wall with silicone rubber.

Thus, flows in metal or plastic pipes from one inch to 60 ins in diameter can be read off on a digital display without in any way dismantling or interfering with the lines and without interrupting the flow.

The instrument, known as PD3, uses the Doppler principle: ultrasonic signals reflected back to the transducer from the far wall suffer a frequency displacement due the flow and are thus a measure of it. Electronic circuits make the conversion to velocity (and therefore flow rate) with displays in metric and imperial units.

Suitable for a wide range of liquids and slurries, the PD3 is fitted with an adjustable calibration device which compensates for changes in sound velocity of the various types of liquid.

More from the company at P.O. Box 297, St. Helier, Jersey, C.I. (0534 43488).

● HEATING

Big boilers for U.S. plant

ONE OF the largest shop assembled steam-raising boilers ever built in the UK will shortly be leaving NEI International Combustion's, Trafford Park, Manchester, works on the start of its 5,300 mile journey to Texas, USA.

The boiler, weighing nearly 300 tons, is 52 ft long, 24 ft wide and 23 ft high, and is one of the four being built by NEI International Combustion for the Corpus Christi Petrochemical Company in the U.S. This is a jointly owned subsidiary of Imperial Chemical Industries, Champlain Petrochemical Company and the Solvay Polymer Corporation.

The four boilers, each with a steam capacity of 212,000 lbs/hour and using heavy fuel oil were ordered at a cost of over £5m.

● PACKAGING

Speeds carton strapping

PACKAGING SYSTEMS Group within 3M has unveiled the Model TE 1230 tape bander, a machine to apply a peripheral seal and strap of filament tape around single cartons and bundles at speeds of up to 14 per minute.

The tape, which has high adhesion coupled with great strength, is applied and cut automatically, the cartons being loaded either manually or by automatic feed. TE 1230 is ideal for all girth-wrapping applications requiring strength without stretch and a high degree of security.

Particularly suitable for wrapping packaged items such as television receivers, calculators and other domestic electrical and electronic equipment it can also be used on frozen food, perfume and toiletries—and other cartons with heavy and/or valuable contents.

A standard machine is available, but variants can be custom-built to customers' requirements to cope with almost any carton size. Long-length (660 metres) rolls of Scotch 896 or 895 glass-reinforced filament tape ensure minimum downtime for roll changes.

Details from 3M, Bracknell, on 0344 26726.

● MATERIALS

Laminate shapes more easily

WESTINGHOUSE has decided to introduce its Micarta Superform—a post-forming high pressure decorative laminate—into the UK through Sheffield Insulating Company.

In the post-forming process, now becoming increasingly popular for kitchen furniture, the laminate is bent after softening by heat to produce rounded edges to worktops that are easier to clean, somewhat less vulnerable and do not reveal the edge of the horizontal laminate.

Micarta is 1.2 mm thick and is guaranteed to post-form easily to a tight 12 mm outside radius over a broad temperature range of 250 to 375 degrees F. Under properly controlled conditions the radius can be as little as 6 mm.

Other advantages are claimed for the material. For example, it will ignore variations in core radius and forming machine roller pressures. It also has minimum spring-back and requires a relatively short period of pre-heating, allowing a faster production rate.

As a result, pre-heat energy savings of 25 per cent can, it is claimed, be achieved.

A longer shelf life is also claimed by Westinghouse. While all laminates decrease in formability with age, the new laminate's shelf life is "twice as great as other post-forming laminates."

The Sheffield company is to stock a full range of 57 different solid colours, marbles, leathers, patterns and woodgrains in 2 ft 6 in and 5 ft widths and 10 and 12 ft lengths. Three finishes, gloss, satin and "lo-glare" will be available.

Sheffield Insulating Company is at Hillsborough Works, Sheffield (0742 349311).

● PROCESSING

No powder wasted

HOPPER/LOADERS for injection moulders, blow moulders and extruders for the clean handling of powdered materials, without waste, by Cole Equipment, can handle powders down to 2 microns and eliminate time-wasting manual loading and ensure continuous loading. This prevents short mouldings and costly scrap.

They maintain a constant material level and with no surges. Each unit incorporates a filter unit which contains up to 45 separate bag filters. The filters have a working life of one year and require cleaning once a day simply by shaking.

All units work on the vacuum principle and do not require a compressed air supply. The hopper-loaders, designated T6, T12 and T25, can handle up to 200 kg/hr, 350 kg/hr and 600 kg/hr respectively.

Cole Equipment, 7 Airfield Way, Christchurch, Dorset BH23 3TB. 02015 6711.

Cuts and bends

MADE BY Eraser International in the U.S. and put on the market in the UK by the company's East Molesey subsidiary, an electronic component lead cutting and bending machine will cut to the required length and bend at right angles the wire connections of resistors, capacitors and similar items.

Dealing with either loose components or those supplied on reeled bandoliers, the machine is fully adjustable for different sizes of device and can be set by one allen key for any dimension of bend.

Electrically driven, the unit is capable of processing 18,000 pieces per hour and has tungsten carbide cutting and forming dies. It weighs 19 lb and measures 13 x 5 x 15 inches.

More from 2 Hampton Court Parade, East Molesey, Surrey, KT8 9HB (01979 8141).

Laboratory work aided

OF A total of 54 fume chambers manufactured by Roath Furnishing Contracts for Shell Research's new laboratory at Sittingbourne, Kent, ten have automatically operated vertical sashes.

The sashes are each powered by a fractional hp electric motor and are claimed to operate in under five seconds. Fume chambers of this type are particularly useful for repetitive experimental work.

Roath manufacturers the chambers at Cabinet Works, Van Road, Caerphilly, mid-Glamorgan CF8 3ED. (0222 882235).

● PRINTING

Paperbacks made at high speed

COLLINS, Glasgow-based publisher, has ordered a 128-page Strachan Henshaw press for printing paperbacks which, when on stream, will be the most productive press in the UK for this type of book.

It will have a mechanical speed of 30,000 books of 128 pages per hour, or a potential output of 64,000 printed pages per minute.

The company has supplied 40 similar machines to North America but this will be the first time in the UK that a 128-page press has been purchased for running nothing but standard-size pocketbooks (i.e. 111 mm in width). The new press will be installed in July 1979.

Collins is one of the largest printer/publishers in Europe with a turnover of over £50m per annum, publishing paperbacks under the Fontana, Armada and Lion labels.

With the completion of its fully integrated printery and bindery in 1976, covering some 500,000 square feet, Collins, as well as catering for most of its own output, adopted a policy of manufacturing for other publishers. To date some ten Continental and British houses are making use of the facilities printing on three Strachan Henshaw 64 page presses and a Cameron belt press. The new 128-page press, printing from either rubber or photopolymer plates, should attract a considerable increase in business.

Strachan Henshaw, Speedwell, Bristol BS5 7UZ. 0272 558281.

LOMBARD

The MoD comes in from the cold

BY MALCOLM RUTHERFORD

THE MINISTRY of Defence was recently embarrassed by the House of Commons Expenditure Committee on two counts. First of all, it emerged that at the very period when the Government was looking all over the place for defence cuts, the Ministry was actually underspending its budget by about the same amount as the Government wanted to cut. The total underspend in the six year period from 1972-73 was nearly £1bn., or the equivalent of 2½ per cent of the annual defence budgets.

Secondly, the Committee* reported that in an effort to overcome this problem the Ministry had taken to all sorts of off-the-shelf purchases when it became clear towards the end of the financial year that its Budget had not been fully used up. Since the purchases included vacuum cleaners and carpets, the story caused something of a stir in the popular press.

The limits

Such disclosures illustrate both the merits and the limitations of the present Select Committee system. It is useful—both for the Ministry and for everybody else—that they should have been made. To see that, one only has to think back a little to the time when the Ministry knew it had this terible problem of underspend, but there was no one whom it could tell—except, of course, a few unsympathetic souls at the Treasury. The latter took the view that the more underspending there was, the better for the country. It would all go to reduce the next year's Public Sector Borrowing Requirement.

Now, at least, the problem is out in the open, and it is a very understandable one. There is no way in which the Ministry can be conceivably expected to spend precisely the sum of its budget in the limits of one financial year. Too many of the circumstances are completely outside its control. The Ministry, for instance, cannot reasonably pay in advance for contracts that have not been completed. The shipbuilding programme for the Royal Navy may be a scandal—at the last count there was apparently not one ship which was less than 12 months late—but it is not a scandal entirely of the Ministry's making. It is not going to make the problem any easier if the Ministry simply shells out the cheques for work that is not being done.

Yet, at the same time, it is surely a very peculiar system which dictates that money not spent in a financial year for which it was allocated should be forfeited. As the Commander in Chief, RAF Germany, told the Expenditure Committee: "We are losing out on operational capability year after year with underspend which disappears down the drain. That money has been voted for very good defence purposes. We can always put it to good use. It is wrong that it should ultimately be lost."

If I were an official at the Defence Ministry or a member of Her Majesty's Armed Forces, I should be very glad that this state of affairs has now been revealed to the public. It is an example of progress being made through the release of more government information. The public reaction will be to say that the present system is absurd and must be made more flexible. That is something that was never achieved in years of secret dialogue with the Treasury.

If, on the other hand, I were a member of the Expenditure Committee, I should have aimed at an altogether stronger report, the more so since, as the Committee reminds us, the 1976 White Paper on Cash limits actually contains a provision which would allow any shortfall in spending to be carried forward into the next financial year. The Ministry of Defence says that it has not so far succeeded in obtaining authority to take advantage of this clause. That seems to me a scandal in itself. Either the Ministry has not been pushing hard enough, or there is something terribly wrong in attitudes to defence in the Treasury. One would have expected the Committee to say so in no uncertain terms.

Militia

Incidentally, if the scope of such committees really is to be extended, there is one further item concerning the Ministry of Defence which might be investigated. That is, why does so much of the authority of the Ministry lie in a statute that goes back more than 300 years—namely the Control of the Militia Statute of 1661? Apart from the need to keep within its budget, the Ministry regards that as almost a licence to do what it wants. There was apparently a ruling on the continuing validity of the statute in 1947, though no one has yet been able to find it for me. But it still seems to be a question worth looking at. Even the MOD might benefit from coming a little more into the open.

House of Commons Paper 561. Price £1.10 net. S.O.

Room for dissent at the top

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

ALEXANDER Solzhenytsyn has recently criticised western society for having given itself an organisation based on the letter of the law. Any conflicts in this society, he said in his Harvard speech, were solved according to the letter of the law and this was considered to be the ultimate solution.

In Britain one does not always get the impression that this is so. What of the power of trade unions and multi-national corporations, and indeed the need of every government in Western Europe to seek compromises at both domestic and levels on many issues which not so long ago would have been settled by legislation or governmental regulations?

On the other hand one can easily understand Solzhenystyn's shock when confronted for the first time with the incomprehensibility of statutes, the archaic formalism of courts, and the literal methods of law interpretation. But he administers an even greater shock to those who know both east and west when he says that Soviet society "has now achieved a spiritual development of such intensity that the western system in its present state of spiritual exhaustion does not look attractive."

When compared with the Soviet Union western society will not be found short of dissenters. Only one does not look for them in prison camps or in exile. The main difference between Soviet and western society is not so much in the realm of spiritual fortitude but in flexibility and willigness to change. Dissenters in the West have rather more influence and certainly sit more comfortably than their Soviet opposite numbers.

On the British legal scene most lawyers will readily identify several prominent dissenters. One of them is Lord Denning, who, as he said recently, keeps his head unbowed, though it has been the target of many hard blows administered by the House of Lords. What is more, he remains President of the Court of Appeal in spite of his innovations, often disliked and opposed by more conservative lawyers, and in spite of his belief that the courts are here rather to provide justice than to look after the letter of the law—a belief which does not seem to differ substantially from Solzhenytsyn's ideals.

Another prominent dissenter is Professor Michael Zander of the London School of Economics. His seathing criticism of the legal profession led to the appointment of the Royal Commission on Legal Services. When called as a witness by this commission, Professor Zander criticised the arrangements under which the Master of the Rolls, now Lord Denning, supervises solicitors and proposed that this function ought to be transferred to a commission of six non-lawyers.

The pressure for greater representation for "consumers" of legal services does not come from Professor Zander alone. Nor is it solely in the interests of the under-privileged and of minorities that the machinery of justice should be made more accessible, cheaper and faster. Small and medium size businesses, unable to keep up with large companies when it comes to maintaining in-house lawyers and financing litigation dragging on for years, have an equal interest in a modernisation of the rules of the Supreme Court, in keeping the legal profession on its toes and in facilitating its expansion and adaptation to new requirements.

The example of a publicly funded Legal Services Corporation, established by the U.S. Congress to experiment with different models of legal services for the poor, could equally well be applied to experiments with legal services for business. Such services, possibly attached to universities, could, for example, investigate new legal problems facing business in international trade, product tion of the environment.

The process by which the machinery of justice is being (or is not being) adjusted to new requirements is of vital interest to non-laywers; and for this reason the evidence given recently by Lord Denning to the Royal Commission on Legal Services ought to be studied carefully. It was, in fact, an indirect dialogue between the two legal dissenters, Lord Denning and Professor Zander. Lord Denning denied that he was "out of touch." Indeed it transpired that many people write to him directly and he deals with their grievances often by a direct approach to the solicitor concerned. In this context Tom Denning appears to be at least as important as Lord Denning, Master of the Rolls. The question is whether the supervision of the expanding legal profession can rest for ever on the personality of a giant among English judges.

Lord Denning readily admitted that when it comes to policy decisions, information and proposals come to him mainly from the Law Society. He thought this was quite sufficient, but expressed readiness to consult other bodies if the Royal Commission thought that he should.

Thus it has transpired that there is a good deal of interaction between the Master of the Rolls and the Law Society. He trusts their expertise and they anticipate in their proposals what he is likely to approve. This applies to the two recent major decisions concerning advertising by solicitors, and insurance of solicitors against negligence. The first can be criticised for not having sufficiently taken account of the opinion of the Monopolies Commission, the second for being arranged in a way which protects sloppy solicitors by shielding them against the penalty of higher insurance premiums.

The evidence revealed also a rather ruthless overloading of the Master of the Rolls. Policy decisions may well require his experience and authority, and after very full days in the Court these take him at least one or two evenings every week. Whether individual cases of solicitors accused of misconduct need to be revised by the president of the Court of Appeal in the first instance, now that the number of solicitors has reached some 30,000, may be questioned. But why the Master of the Rolls should also attend to such administrative chores as the signing of solicitors' certificates escapes me altogether. He seems to be resigned to the burden, as he can do it while watching television. But if it does not require his attention, why should he be bothered with it? Perhaps a similar test could be applied to many other elements of legal business, with great saving of time by solicitors and judges alike.

Sunshine Lie, back at his best, can score at Beverley

RACING

BY DOMINIC WIGAN

WITH IL PADRONE, trained by John Sutcliffe, a surprising absentee from today's Le Tanneur Stakes at Beverley, the way could be clear for Denys Smith's gelding, Sunshine Lie.

This bay son of that top-class handicapper, Shiny Tenth, who picked up some good prizes for Sutcliffe a few years ago, came right back to his best when outpacing Palavar over a similar one-and-a-quarter-mile trip at Doncaster last month.

In his only race since then, Sunshine Lie put up another fine effort in finishing a close fourth behind Keira in a highly competitive race at Ayr.

I hope to see Sunshine Lie push Carson one nearer the double century, which still remains a possibility, with a clear win over James Bethell's course and distance winner, Musical Prince, who seems to have a stiff task with 9 st 7 lb.

A second likely winner for Carson, who achieved his best total five seasons ago with 164 (four more than last year) is the recently disappointing ex-Irish filly Balilla in the Figham Stakes.

This bay filly by Balidar out of the Aggressor mare Fighting, is now settled into Ben Hanbury's Newmarket stable. She could well be back to the form which saw her coast home eight lengths clear of Kilistrano in a maiden event at Phoenix Park in the spring.

Newmarket trainers, who are rarely as numerous here as at the other Yorkshire tracks, make a strong bid for the one-and-a-half-mile Freemen's Stakes. Here Gavin Pritchard - Gordon's Olympic Loser, Jeremy Hindley's Such Bliss and the Michael Jarvis-trained Takarabune are all well fancied.

Olympic Loser, a half-sister to several winners, including that great middle-distance performer Busted, is only a moderate filly. But she has shown sufficient signs to suggest that she can get off the mark here and become an extremely valuable stud prospect for her owners, the Snailwell Stud Company.

BEVERLEY

2.30—Maymonta
3.00—Balilla***
3.30—Sunshine Lie**
4.00—Sernok
4.30—Cumnock Scouse
5.00—Olympic Loser*
5.30—Ski Run

DEVON

2.15—Low Profile
3.15—Given
3.45—Kelly's Hero
4.15—Destiny Hill

A good-sized crowd of jumping fans are likely at Devon and Exeter. John Francome, eager to regain the jockeys' championship taken by the record-breaking Jonjo O'Neill, could well be on the mark with the Tim Forster 10-year-old, Kelly's Hero.

This horse's chief problem in the afternoon's feature event, the City of Exeter Challenge Cup, will almost certainly be conceding weight to Jackstones, who is three years younger.

Later Destiny Hill can justify a late switch from the Weldon Memorial Cup in which he would have taken on the course specialist, Given, by outpacing Virgin Slave in the Whitstone Opportunity Hurdle.

ENTERTAINMENT GUIDE

TV/Radio

BBC 1

† Indicates programmes in black and white

6.40 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Help! It's the Hair Bear Bunch. 10.35 The Islanders. 1.20 pm On the Move. 1.30 Mister Men. 1.45 News. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Graham's Gang. 5.10 Boss Cat. 5.35 Captain Pugwash.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Hugo Van Lawick's Africa
7.10 Dr. Who
7.35 Top of the Pops
8.10 The Hollywood Greats, Jean Harlow
9.00 News
9.25 Big Band Special
10.10 I, Claudius
11.05 Checkpoint
11.35 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 6.15 Newydd. 11.35 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 11.35 News and eWather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University
11.00 Play School
4.55 pm Open University
7.00 News on 2 Headlines
7.05 The British Connection?
7.30 News on 2
7.40 Gardeners' World
8.05 Top Gear
the Bible Lands
8.30 BC: The Archaeology of
9.00 Washington: Behind Closed Doors, part 1
10.25 Late News on 2
10.35 Washington: Behind Closed Doors (continued)
11.55 Closedown (reading)

LONDON

9.30 am A Place in History. 9.55 Skilful Soccer with Jack Charlton. 10.25 Spiderman. 10.45 The National Film Board of Canada presents: 'La Gastronomie' 'The Jews of Winnipeg.' 11.40 Cartoon Time 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 Doctor. 1.00 News plus FT index. 1.20 Platform. 1.30 Young Ramsay. 2.25 Battle for Survival. 3.20 Quick on the Draw. 3.50 The Sullivans. 4.20 Children's Film Matinee: 'A Gift for Heidi.'

5.45 News
6.00 Survival
6.30 Cartoon Time
6.50 Crossroads
7.15 Leave it to Charlie
7.45 "Father Dear Father" starring Patrick Cargill
9.30 Great Expectations
10.00 News
10.30 Oh No, It's Selwyn Froggitt
11.00 This Sporting Land
11.30 Night Gallery
12.00 What the Papers Say
12.15 am Close: A painting by Canaletto accompanied by the music of Vivaldi

All IBA Regions as London except at the following times:—

ANGLIA

ATV

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

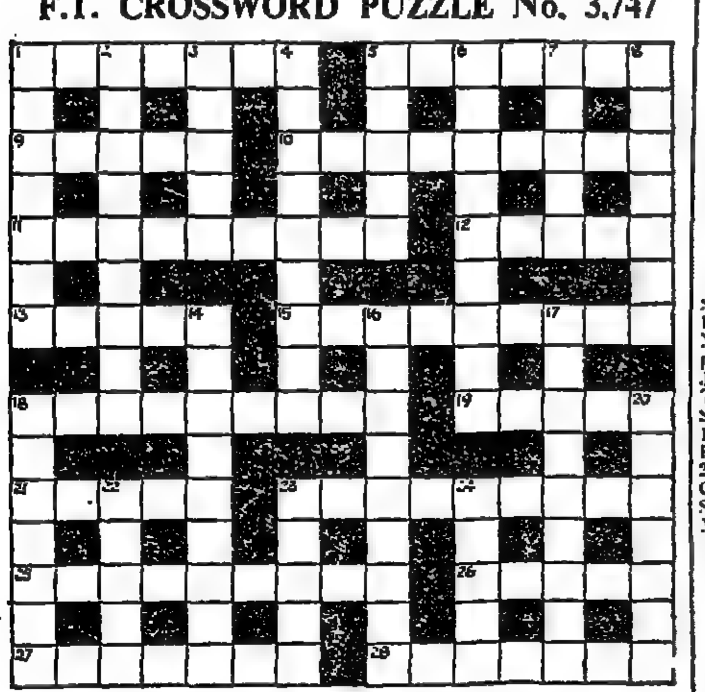
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,747



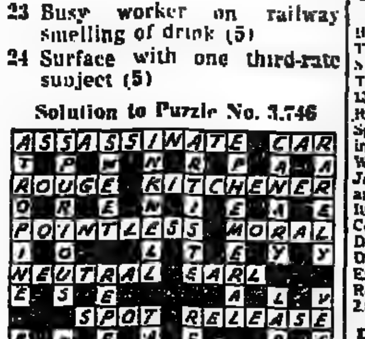
ACROSS

1 Perfect example of sky-trooper with hopeless sound (7)
5 IRA member is in condition (7)
9 Indicate there's nothing in the measure (5)
10 Inflated part of figure for flat replacement (5, 4)
11 Protection on foot for cad taking gold and silver (4, 5)
12 Sign of life in peas (5)
13 Stunning girl from Split (5)
15 First-rate factory charity (4, 5)
18 Use every bit of paper for expression of protest (4, 2, 3)
19 Wars that were bloomers (5)
21 Tapestry produced by backward artist and Abyssinian prince (5)
23 Pin-table simply operated with trifle (9)
25 Girl heard order to send wrongly (9)
26 Footstep causing revolution under pressure (5)
27 Where the young are trained to shoot (7)
28 Month before a shell revealed crab (7)

DOWN

1 Father's little dance at uncle's (3, 4)
2 Bring up Adamson to make a disturbance (5, 4)
3 Organise outfit (3, 2)
4 Longing for the past may be lost again (8)
5 Smooth tree (5)
6 Master with superior force (9)
7 Love story confused half of Piccadilly (5)
8 Unity on eastern part of loch (7)
14 Female lock-keeper (4, 5)
16 One to be glad perhaps, though constrained (9)
17 Managed to find who stole the stock above (7, 2)
18 Boss of male advertising expert (7)
20 Hard case news chief bombarded (7)
22 One going up on the stairs (5)
23 Busy worker on railway smelling of drink (5)
24 Surface with one third-rate subject (5)

Solution to Puzzle No. 3,746



هكذا من الأصل

Leonard Burt

Karl Johnson and Sylvia Miles

Piccadilly

Vieux Carré

by MICHAEL COVENEY

"Writers are shameless spies" admits the surrogate Tennessee Williams character with a wry grin at his typewriter. Dredging up potent memories of his own time in the French Quarter of New Orleans—some of them recounted in his recently published and forthright *Memoirs*—Mr. Williams returns to the London stage in blistering form. This wonderfully crafted and deeply moving piece emerges in Keith Hack's tingling, affectionate production, as his best work for over a decade. It not only marks a return to old stomping ground, but unfolds as an elegiac recapitulation of familiar themes.

The rickety rooming house, beautifully designed by Voytek, with its enveloping dust sheets, crumbling plaster and wrought iron motifs, is presided over by one of those grotesque landladies Mr. Williams loves to hate. Her clients complain about the damp and the cockroaches but also seem to elide with the furniture as the separate rooms revolve in time to the bluesy strains of a street piano player. "Midnight staircase, still in your fatal position" warbles the asthmatic, homosexual painter as he ascends to another purgatorial bout of blood-coughing insomnia.

Sometimes one has felt that the erosion of theatrical taboo has dented Mr. Williams's documentation of sexual pain, but he comes up trumps in his scene between the painter and the writer. This midnight encounter glistens with humour and authentic sorrow, brilliantly played by Richard Kane and Karl Johnson (the writer) as a crucial autobiographical interlude in the making of an artist. Along the corridor, a disenchanted fashion

Book Reviews appear on Page 14

illustrator from higher ground (Sheila Gish) swoons at the touch of her strip club, doped-up Adonis (Jonathan Kent), sex running like an electric current through an already over-charged atmosphere.

The kaleidoscopic mode of construction, so appropriate for suggesting the remembrance of times past, is never allowed to contrict the impassioned explosions of the illustrator or, especially, of the impetuous, full-blown comedy of Sylvia Miles as the landlady. The first act ends with a superbly engineered company set-piece after Mrs. Wire has unloaded a pan of boiling water on a fornicating tenant below stairs. As a policeman rounds them all up under arrest, she screams just because he feels like it. Only a playwright in top form can bring off something like that, and it works like magic.

The writer in New Orleans is something similar to Isherwood in Berlin and the autobiographical detail is further reinforced by the fact that he, like the young Williams, is suffering from a cataract on his left eye. As the occupants break free—the painter on a stretcher, the abandoned illustrator by thrusting her wrist through a window—Miss Miles throws herself, pathetic and suddenly younger, at the writer. It ends the evening on a dying fall, but there is still the front door to negotiate. The writer steps out, wooed by the wailing clarinet of a coast-bound musician. He will never return. But nor, as we know only too well, will he ever forget.

Festival Hall

Makarova-Martins

by CLEMENT CRISP

I have seen the Balanchine *Chaikovsky pas de deux* performed by four couples during the past month: with a good deal of dubious vivacity by a French couple in Hamburg; coarsely by an English pair at the Festival Hall; and with complete authenticity by Patricia MacBride and Helgi Tomasson during the New York City Ballet's season in Copenhagen last week.

Now Peter Martins of NYCB has flown from Copenhagen to join Makarova in the South Bank Gala Ballet jamboree, and on Tuesday they were magnificent in this same pas de deux. MacBride and Tomasson, with fast, fast tempi, nip and flash through it with bright, darting dynamics, and the piece has a brilliant and almost heartless sheen to its every moment. Makarova and Martins are altogether more relaxed, and they smile because they can make every difficulty seem easy and enjoyable to dance. Both bring a great deal of air and light into the choreography—Makarova through the pure lift of her limbs and the happy emotional tone she establishes from the start: Martins because, tall and hermetically built though he is, his Danish schooling has endowed him with a wonderful springiness and fluency of movement.

His variation was prodigious last night: feats of virtuosity poured out in a creamy flow, energy controlled and superby schooled — and the audience seemed positively blasé in face of this example of a true danseur noble absolutely in command of his art. (The meretricious and vulgar tricks offered by other, meaner performers were hailed vociferously.) Makarova, who had earlier again been an Odette of unflawed beauty, took to Chaikovsky and Balanchine with a lovely daring and true brilliance of physical means—also in marked contrast to the tawdry dazzle of Yukio Morishita in *Don Quixote*.

The evening also contained some other novelties: a glum and inexplicable duet for Maina Gielgud and Jonathan Kelly in which dancing and theme were exactly matched, and a solo for Luigi Bonino by Susanna Egri called *Who am I?* in which this attractive dancer was put through various emotional mills and a dread yardage of dull choreography. Bonino deserves far better things: fortunately he finds them with his parent company in Marseille.

Lynn Seymour and Stephan Jefferies are now playing Seymour's *Mac and Polly* for far more than it is probably worth, but they are superb dramatic artists and make some very funny bricks with almost no straw at all. Their curtain calls are also a mad moment, with some of the oldest gags in the business trotted out with manic and irresistible charm.

Albert Hall/Radio 3

BBC Symphony

by DAVID MURRAY

The BBC Symphony plays particularly well for Hans Zender. His politely coaxing manner elicits warm, rounded phrasing from them, an easy balance, a feeling of almost domestic music-making; listening to it is a comfortable pleasure. He began Tuesday's Prom with the Second Symphony of Beethoven, and the broad, lyrical lines of the introduction were limpid and spacious. The main Allegro went "con brio" without forcing, and the Larghetto had a speaking delicacy. The Scherzo and Finale were perhaps too easy: as a recent broadcast by Lawrence Leonard demonstrated impressively — I trust the BBC will repeat it—there is a case for taking Beethoven's hair-raising metronome-marks seriously, and Zender's Allegro molto here was a not very brisk trot.

There was nothing laggardly about the reading of Schumann's D minor Symphony which ended the concert. Zender was at pains to present it as a continuous whole, fully explaining Schumann's onetime notion of calling it a "Symphonic Fantasy"; he led it purposefully through its intricately cross-referenced course, refusing to let any episode—even the elegantly languid Trio—suggest an indulgent detour. Emotions were kept on a close rein, as they were also in the Introduction and Allegro appassionato, the rarely-heard sequel to Schumann's Piano Concerto. The soloist was Hamish Milne, who fulfilled his concertante role stylishly—the piano-writing is more energetic than rewarding, and more boldly romantic orchestral support would have set it off to greater effect.

The Symphony was played in Schumann's later, over-upholstered version. Conversely, and extravagantly, we had Webern's Six Pieces for Orchestra, op. 6, in the original version with its gigantic wind section, brought into play in only a few bars (and nowhere else in the programme). I doubt that Weber's second thoughts (he produced a reduced version in 1928) should be regarded as a serious compromise: in the breathless spaces of this music, even a normal-size *tutti* has a disconcerting force. Zender expounded the pieces with intense conviction, though not all his orchestral soloists reached the same level. The music sat oddly in this company, but it is disinclined to sit comfortably anywhere, being at once gaunt, grand, emaciated and fiercely private.

*

In a notice of *The Consul* three days ago, I referred to "the death of Carl Orff." There has been no such event: Orff is alive and well and living near Munich.

Alfred Marks in Palladium panto

Alfred Marks will play Abanazar in this year's London Palladium pantomime *Aladdin* which opens on December 20.

He joins the cast headed by Danny la Rue—as Merry Widow Twankey in his first Palladium pantomime.

Record Review

Twilight of the Gods

by MAX LOPPERT

Wagner. Twilight of the Gods. Rita Hunter, Alberto Remedios, Aage Haugland, Norman Welsby, Margaret Curphey, Derek Hammond-Stroud, etc./ Orchestra and Chorus of English National Opera/Reginald Goodall. EMI SLS 5118 (six records in box).

Twilight of the Gods is on records at last, and with it *The Rign of the Nibelung* in English is a project completed. This final instalment in thet EMI serise of live performances from the English National Opera was taken during the three cycles of the tetralogy given at the Coliseum last summer; ecah of the three *Twilight* performances contributed to the set. Yet there is no feeling of snippet-here-and-snatch-there about it; what dominates is the long, steady, magisterial unfolding of a Wagner opera that marks all Reginald Goodall's Wagner conducting. When side 12 had drawn to its close, I wanted to stand on my seat and cheer long and loud — an unusual reaction for the listener at hoem (and for a record reviewer at that), but one justly provoked by a great achievement.

There are many components to be considered: the intimate web of teamwork that is the ENO ensemble; the celebrated English translation of Andrew Porter; the tactful sensitive EMI recording team led by John Mordler; and, of course, the Peter Moores Foundation, which has made the English *Ring* on records a reality. But it is to Goodall that one turns first, for the reading is stamped in every bar with his peculiar and inspiring genius. This is now, the timekeepers have informed us, the longest *Götterdämmerung* on records, each act lasting at least 10 minutes longer than the longest Bayreuth timings.

Mostly, it does not feel slow. What the listener perceives, instinctively during the progress of the acts, consciously by their end, is that the music is allowed to grow—almost, as it were, of its own accord, without prodding, bustling, or artful moulding, wit ha shining lyricism that pours out of the lyrical episodes (has the Rhinemaidens' scene ever sounded more captivating in the gentle lilt of its rhythms?), and with an amplitude of purpose that ennobles the tragedy.

When a feeling of slowness does impinge — notably in the transition between Hagen's Watch and Waltraute's arrival, always a danger-point in the theatre — patience is richly rewarded in the way the slow gathering of new motifs soon restores the dramatic impulse. There is no want of vitality in Goodall's Wagner, or of the elemental qualities essential in the communication of *The Ring*'s dark side. The vessels are summoned with a power that accumulates and resounds through the second act; the contradictory oaths — "Shining steel! Holiest weapon!" in the Porter translation—are taken on Hagen's spear-point with tremendous force. In this *Twilight*, there is space to accommodate every pictorial, dramatic, and philosophical aspect of the music; and encouragement, at its end, to look back over all four operas as linked in one monumental conception. It is not the only kind of Wagner conducting: but it is the wisest, deepest, most enduring kind.

With the exception of Aage Haugland, a recent addition to the company's Wagne rroster, the singers are all so familiar that comment on their contributions should be redundant. Yet—this is the nearest I come to a general reservation about the set—the voices, with theh exception of Haugland's and Alberto Remedios', do not strike the microphones with complete comfort, as "recording voices"; reproduction here seems to divest them of some of the qualities for which, live, they are admired. This is not quite the Rita Hunter one has loved in the theatre; for all the delicate applications of portamento, the ample legato, the broad sweep and security in high-lying phrases, the tone sounds, at the start, steely, unbending, and, paradoxically, not unfailingly firm (there is sometimes a quaver to soft notes in the middle register). Increasingly, though, a natural nobility and grandeur of soul enters her utterances, so that by the end of Act 2 she is again the Brünnhilde that memory cherishes.

Rita Hunter

In other cases, a similar restoration is not quite so certain. Norman Welsby's Gunther, so vivid an impersonation of tormented weakness in the opera house, never sheds its gritty vocal texture; Katherine Pring is a Waltraute of impetuous urgency, but also of bumpy scale and short-breathed phrasing; as Gutrune, Margaret Curphey mixes full, rich-tinted notes with those clumsily taken: the degree of *parlando* on which Derek Hammond-Stroud's Alberich now relies makes a slightly wearying effect. Perhaps it is because Remedios and Haugland have in common a clean focus of tone that their singing remains a pleasure to listen to—Remedios the most sympathetic, most personable, most lyrical Siegfried of the modern *Ring* sets, Haugland a Hagen of magnetic personality, of subtlety and baleful majesty, whose held notes, high and low, sound out with an almost instrumental clarity (is English vowels are sometimes cloudy). The Norns (Anne Collins, Gillian Knight, Anne Evans) and the Rhinemaidens (Valerie Masterton, Shelagh Squires, Helen Attfield) are both well-balanced trios, notable less for beauty of tone (with Miss Masterton's Woglinde the shining exception) than for dramatic responsiveness.

It makes little sense to compare the playing of the ENO orchestra with that on the studio-made *Götterdämmerung* recordings: live performance brings its predictable share of error. And brings, too, its countless rewards—one doubts whether in the recording studio any tem of eight horns could, in the introduction to Act 2, scene 2, have risen out of the lull of the previous scene with quite such a seamless, fluid sense of dramatic continuity. This is an orchestra steeped to the core in the unbroken line and deep sound-qualities promoted by the conductor: that, section by section, it cannot boast the tonal splendour of the Berlin or Vienna orchestras, seems in context to matter very little. In full cry the chorus is impressive; at lower levels individual voices tend to separate out in the texture. The most important, most heartening thing about the performance is its feeling of wholeness, something shared by few other Wagner operas on record—although it is fully shared by the other three parts of the ENO *Ring*.

Lord Leighton's The Last Watch of Hero, one of more than 100 paintings in an exhibition entitled The Victorian High Renaissance which opens at the Manchester City Art Gallery on September 1. The exhibition, organised by the Minneapolis Institute of Arts, explores the work of four late 19th century artists—Leighton, Watts, Albert Moore and Sir Alfred Gilbert and will subsequently travel to New York and Minneapolis.

These four artists shared an interest in the antique, in particular the classical ideas of Greece and Rome, taking many of their subjects from Olympian mythology. In this they contrast with the earlier Pre-Raphaelite obsession with the Middle Ages. Their paintings tend to the idealistic, the grand, the harmonious.

The exhibition meets the almost insatiable demand for Victorian art. At the Royal Academy, Great Victorian Pictures, an Arts Council gathering of some of the most familiar works of the period, continues until September 17, and The Victorian Ideal, the show at the Roy Miles Gallery in Duke Street, which has just ended, proved to be the most successful in the history of the gallery.

A.T.

Arts

Death and Devil

by MICHAEL COVENEY

Wedekind's *Dance of Death* in three scenes is receiving its British premiere in this lunchtime production by Jan Sargent and, as an acerbic corollary to the Lulu plays (*Earth Spirit and Pandora's Box*) so memorably Anglicised by Peter Barnes some nine years ago, is essential viewing for anyone interested in the development of European drama, let alone the ongoing feminist cause.

Wedekind's stance in the raging debate on sexual emancipation and exploitation in a brothel setting is irrevocably ironic. We first meet the brothel owner, the Marquis Casti-Piani, fencing off the moralistic ire of a spinsterish member of the International Society for the Suppression of the White Slave Traffic. Her sensual impulses have been sublimated in the righteous crusade, an attitude turned inside out with remorseless dramatic logic as human fallibility asserts itself in a wonderfully controlled Shavian exchange.

As the moralist throws herself at the feet of the brothel owner, the stage is occupied by a brothel inmate and client. At this point, Miss Sargent's rather dutifully Expressionistic presentation is invaded by the genuinely erotic vision of Julie Peasgood in diaphanous shirt, flashing weal-infested thighs as she propounds a convincing argument for random promiscuity. She blasts to smithereens the politely phrased debate of the opening scene by suggesting that to be a whore is a glorious thing: "Who thrashes one unmercifully, him I most respect." The client is astonished, but as the whore switches tack to reveal a deep-seated sensual opportunism, he of course beseeches her to love him.

The piece ends with a melodramatic suicide and the angular apparition of three supplicatory whores dancing around the body of the dying Casti-Piani. The lady moralist interrupts to kiss her beloved full n the mouth. In what is otherwise a dreadfully stilted production, Miss Peasgood emerges as the crucial embodiment of the Wedekind spirit: tantalising, sexy and incorrigible. It is a stunning performance.

The programme, rather than indulging R. D. Laing with a ludicrously superfluous quotation, might have acknowledged the use of Stephen Spender's archly effective 1952 translation.

New York theatre

Survivals and revivals

by FRANK LIPSIUS

New York summers seem little more than a time of survival. Not only is it too hot to think of anything else (except possibly the threat of another electricity blackout), but also enough people have abandoned the city for holidays that the rest are made to feel like survivors.

On Broadway the same mentality prevails, this being the time when a season's winners coast into the autumn, luxuriating in the summer business of tourists. This year, be warned, New York is enjoying landmark tourist business, the product of successful advertising on television in other cities.

Two of the hottest tickets in town are the Tony award winners (voted by the theatre Press in May and awarded in a televised ceremony in June, just so out-of-towners know where to congregate). *Da*, Hugh Leonard's reminiscences of his father, has come a long way to "Best play of the year" from its modest beginnings in London's King's Head pub. It is a marvellous part for the old man, here done by Barnard Hughes who seems to play himself, while Brian Murray as the son and Richard Seer as his teenage incarnation are equally memorable.

The set by Marjorie Kellogg is suitably cluttered to reproduce a Victorian working-class Dublin house and the play fits there cosily, with the father always getting the last word—even if it is a sheepish apology delivered in an amusing brogue. The Irish are an American favourite, and not just the Kennedys and the Irish stamp on Hollywood good looks. They have a reputation for the blarney and irrepressible good humour, just the things *Da* and director Melvin Bernhardt bring out to best effect.

Ain't Misbehavin', the Tony's best musical, is an incomprehensible success. The music of pianist Fats Waller lacks variety, and yet an evening has been devoted to putting it to dance steps and '30s poses by five singing troupers. They are all black, and two of the three women have become understandably famous for their performances: Nell Carter and Armelia McQueen as overweight but spirited and talented dance-hall performers. Ken Page matches them step for step. But as vaudeville, the show lacks humour: as cabaret, the audience could have a dinner *and* this much dancing for the price of the tickets alone; and as theatre, it comes closer to the Black and White Minstrel Show than anything in town.

Runaways, a late season opener, is an ambitious undertaking for a young woman under 30 (Elizabeth Swados), who wrote two hours of music for two dozen street kids she turns into performers. Directing as well as writing the show and music, Miss Swados has provided a number of affecting moments, like the song called "Enterprise" about finding new ways to steal money, or the woeful tale of the young teenager dragooned to a life in the streets of New York. But the distressed story of each of these kids, coming forward to sing to the audience, fundamentally conflicts with their message of being alone, hurt and unheard. The show needs some other premise than requiring the audience to marvel at their survival. Miss Swados gives them a voice, but not always the appropriate words.

*

The success of this season is evident in the number of revivals playing off-Broadway. The supply of new plays does not match the demand, forcing directors to search their memories or drag out long-cherished, unrealised projects.

Catsplay, originally produced in Washington, is actually a Hungarian play by the contemporary playwright, Istvan Orkeny. He tells the touching, romantic tale of two sisters, one in Budapest, the other in West Germany, finding their lives completely different while still depending on each other's support through correspondence. Their correspondence is acted out on stage, the main set being the tiny flat of the Budapest sister, movingly played by Helen Burns.

This sister lives a muddled, busybody existence focused on a 20-year romance that survived the death of the cuckolded husband. The sister in Germany is confined to sitting in a wheelchair and delivering severe admonitions. Helen Burns has the capacity to run across the stage, throw pots and pans around the room and still make the audience see her sadness. It is marvellously acted and equally well directed by Lynne Meadow.

George S. Kaufman and Moss Hart's *Once in a Lifetime* was meant to be Broadway's revenge on Hollywood. It is sophisticated, biting and funny. It parodies the businessmen who made artistic decisions in Hollywood and the writers they paid to be dialogue machines.

This production in the skillful hands of Tom Moore (the original director of *Grease*, to give an idea of his style) turns parody to farce. Every movement is done on the double, every exaggeration accentuated by the huge (or at least seemingly huge) cast and talented hijinks. It is a brilliant evocation of the era when talkies were new and a trio of down-and-out vaudeville troupers (Deborah May, Treat Williams and John Lithgow) could talk their way into a central role as voice coaches to a desperate silent-film mogul (George S. Irving), who finds his studio stocked with beautiful faces and Brooklyn accents.

Finally the Lion Theatre Club has its own new premises in 42nd Street and presents J. M. Barrie's *Mary Rose* as its first production. Having moved out of what was the lobby of a defunct airline terminal, the company understandably chose a play that really needs the proscenium stage it now can provide. The 1903 drama certainly fits that bill, but otherwise *Mary Rose* does not show off the company very well. The play, in fact, ends up looking like a school production with cardboard sets and granny's clothes for period costume. Julia MacKenzie as Mary Rose has considerable charm but looks much too old for the girl, while her suitor seems to have got *his* costume from a passing boy scout. It would be a shame to see the stage affect the choice of repertory to this extent: the group's forte is long on innovation and short on convention. Attempting the opposite could be fatal.

Armelia McQueen, Nell Carter and Charlaine Woodard in 'Ain't Misbehavin''

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Thursday August 17 1978

A policy of repression

EVER SINCE he came to office, President Carter has made considerable play of the importance which he attaches to the human rights dimension in America's foreign policy. It has been a a *controversial position*, especially in the eyes of those who believe that governments should be concerned only with *raison d'état*, and not with moralising. But there can be little doubt that President Carter has attenuated the brutal right-wing cynicism which was so characteristic in the past of the role played by the CIA, and it seems clear that American pressure has caused repressive régimes in some small and middle-sized countries to reconsider their practices, especially in the western hemisphere.

Helsinki

Where his human rights campaigning has had no impact at all is on the Soviet Union. A total of 17 leading dissidents have now been condemned to severe punishments, either for crimes which they quite patently did not commit, or for activities which would not be considered crimes in democratic countries. It is not particularly surprising that a superpower like the Soviet Union should be less impressed by the exhortations of President Carter than a small Latin American country. Nor is it particularly surprising that the Soviet Union should continue to be as brutally repressive as the Czarist state to which it succeeded. What is surprising is that Moscow should have chosen flagrantly and so publicly to flout the spirit of the Helsinki agreement, which was intended to mark *a new phase in the era of* détente between East and West.

It was perhaps inevitable that such a provocative series of affronts to the spirit of Helsinki and to Washington's human rights policy should have tempted President Carter to retaliate, in the first instance *by blocking the sale of a computer* to the Soviet Union. The President may feel that his credibility on the issue might be seriously damaged if he were to put pressure on small countries, but ignored human rights violations in the Soviet Union.

Yet it must be clear that the blocking of a computer sale can only be a symbolic expression of displeasure, not an effective instrument of pressure. The Soviet Union is not going to modify the nature of its regime for the sake of one computer, and it is exceedingly doubtful whether the United States would be well advised to attempt a policy of economic or commercial sanctions in the hope of bringing about a change in the nature of the regime.

American pressure did persuade Moscow to give exit visas to a number of Jewish emigrants. But what the *Kremlin cannot tolerate is public* criticism at home.

A policy of major economic sanctions, such as an embargo on any contribution to the exploitation of Soviet oil, or a ban on grain sales, would no doubt damage the Soviet economy; but it would also damage the economies of the west, *without* any prospect of bringing about an improvement in respect for human rights in the Soviet Union. Indeed, really heavy sanctions might lead to a revival of the cold war, and might well make the Soviet regime even more repressive. The fact that the U.S. administration has recently let through the sale of a $144m oil drilling plant suggests that it does not intend to go down the dangerous and unpredictable road of major economic sanctions.

On the other hand, the Soviet Union cannot imagine that the treatment of its dissidents will be without consequences for its relations with the rest of the world. Hopes that were once fixed on the Helsinki agreement have been put into harsh perspective, and the image of the Soviet Union has been modified accordingly in the minds of western electorates and thus of western politicians.

SALT treaty

If the dissident issue is juxtaposed with the rapid build-up of Soviet arms and the recent activities of the Soviet Union in Africa, it is scarcely surprising *that there should be considerable* doubt whether Congress will ratify any SALT treaty, since such an agreement would depend so heavily on trust and understanding; or that a significant number of Congressmen are now calling for the U.S. to achieve military superiority. A *regime that is repressive*, militaristic and expansionist must expect to provoke reactions of hostility and distrust.

Harder times for development

THE NEW report of the World Bank takes the form of a comprehensive survey of development progress and future issues, which is most welcome in form if a little muffled in content; and despite the avoidance of some of the more contentious current issues contained in third world demands for a new international economic order, it contains some clear analysis, warnings and suggestions. Its backward look is on the whole encouraging: substantial progress has been made in reducing abject poverty in proportional terms, though the growth of population has maintained the absolute number unchanged. Valuable lessons have also been learned. The future, however, looks much less encouraging.

Effective

The progress in the past has been based on a number of circumstances which are changing — a reliable and rapid growth of demand in the industrialised countries, a liberal trading regime, and more recently *a very large flow of* commercial loans, as the banks sought profitable outlets for the funds deposited with them by the surplus countries. It has been possible to put these resources to much more effective use than sceptics might have imagined, partly because of large technical advances in agriculture and epidemic control, and partly because official aid has improved greatly in quality.

It will not be easy, however, to maintain this progress. The most pressing problem is the recession in most of the industrialised countries, and the consequent pressures for protectionism. The World Bank preaches a long and eloquent sermon in favour of free trade, and points out that the damage done by apparently small concessions to demands *for* protection is far greater than may appear at first sight. The very fact that protectionist lobbies are able to get a hearing discourages investment in industrial projects in the developing countries. What is more, the report cites German studies which suggest that the loss of export opportunities in more advanced industries may *well be greater in the industrial* countries than the apparent saving of jobs in industries which are under pressure. This sharp reminder that adjustment assistance should aim at adjustment and *not* just at assistance is timely.

However, the existence of *protectionist lobbies is a fact* of democratic political life which is unlikely to yield to pure economic reason, and the report is probably more constructive in urging less ideal solutions. It suggests that everything possible should be done to give developing countries a louder voice in international trade negotiations, and that these countries should pay special attention to stimulating trade between themselves. This may well depend as much on developing a financial as on a physical infrastructure.

Industrial trade and local finance, however, are of little interest to the poorest countries, which depend on agriculture for subsistence and a few primary products for export earnings. Here the flow of official aid, part of it for social, educational and medical development, and its management to ensure that it does reach the deprived, is the only real hope. The terms of official aid may have improved, but its quantity remains far below the targets generally accepted in pious resolutions and actually practised by some countries. The World Bank naturally wants more resources, both to assist the poorest countries, and to help, through the provision of long-term funds and what amounts to a seal of creditworthiness, to encourage a larger flow of private resources where they can do most good. The record of the World Bank group merits greater support; more should be done to turn well-meaning summit resolutions about aid into effective, multilateral action. Without a further push, the whole development process is in danger of slowing down.

SPAIN'S MOTOR INDUSTRY

By ROBERT GRAHAM, Madrid Correspondent

The multi-nationals edge closer to the driving seat

SCARCELY A Japanese car can be seen in Spain. It is even unusual to find a locally registered car that has *not been produced in Spain*. The explanation is simple: Spain has one of the most highly protected motor industry among the larger industrial countries. For this reason the international motor manufacturers have been closely watching for clues how the industry—or rather that sizable part of it which is not controlled by multi-national companies—will face up to the implications of Spanish membership in the EEC, and the consequent liberalisation of trade.

Hard pressed financially, in need of continued heavy investments and dependent upon foreign technology, the Spanish controlled sector of the motor industry has limited long-term options. Either the Government decides that it is strategically necessary (and perhaps commercially viable) to invest heavily in indigenous solutions *to retain part of production in* Spanish hands, or the companies are integrated more closely with, if not absorbed by, the multi-nationals. The latter solution is the more logical but conflicts with established ideas of national dominance of this sector (implicit in the whole protectionist philosophy.) But now there has been an important shift in thinking, and the State holding company, INI, which is also the major Spanish shareholder in the sector accepts the logic of integration.

International partners

INI in recent weeks has begun discussions with international partners on the future of the three main Spanish controlled motor companies. Seat, Spain's largest car manufacturer which builds Fiats under licence and is 36 per cent Fiat owned, has asked the Turin-based group to consider either the company's total integration or the purchase of INI's own 34 per cent stake. At the same time in the industrial vehicles sector Mevosa (24 per cent INI owned) is discussing a similar arrangement with Daimler Benz (its licensor and which holds 42 per cent of the equity) while Enasa, 66 per cent INI owned, and the country's largest producer of medium and heavy duty trucks, has been holding discussions on the same lines with Chrysler, Berliet-Saviem, and Iveco. Now that Chrysler in Europe is likely to be taken over by Peugeot it is likely to drop out of consideration.

These three companies account for 30 per cent of total industrial vehicle production and 38 per cent of total car production in Spain. The outcome therefore has profound implications for the future shape of the motor industry and indirectly on the thousands of suppliers which combine to make the automotive sector the largest single area of industrial employment in Spain. Seat itself is the largest industrial employer with a payroll of 32,000.

The logic of these moves is best understood by looking at the case of Seat. The company was founded in 1949 on INI's initiative to provide Spain's then developing consumer market with a mass produced "Spanish" car. Given the industrial ties that had grown up with Italy, Fiat was a natural partner. The remaining shareholders were mainly banks including Banco Urquijo, which still holds 6 per cent. (Seat stands for Sociedad Espanola de Automoviles de Turismo.)

Until the beginning of the 1970s Seat prospered. Spain was a sellers' market and there were long waiting lists to buy Seat cars. In the last three years the picture has altered radically. Seat's market share has declined from near total dominance to 30 per cent. In the early months *of this year its inventory* was over 75,000 units, double the normal level. Even now after the company has cut 16 working days, and according to trade source's offered sizeable discounts, the inventory is at 44,000 against a normal summer level of around 20,000. Company sources are hinting at potential losses of Pts3bn (£20m) this year, while last year on sales of Pts83bn (£565m) the company declared no dividend and put a small Pts406m (£2.7m) profit aside for reserves.

In part Seat's problems result from its complacency and its inability to foresee the consequences of a gradual opening up of the local market to other international manufacturers. In the past ten years Chrysler, Citroen, Renault, and most recently Ford have all established local manufacturing operations as a means of getting round the high external tariffs applied to car imports. Seat has suffered seriously because these manufacturers have been offering new models technically more advanced than those in its own range. In the first six months of the year, in spite of the sharp domestic recession, the four groups all increased their sales. Seat's meanwhile fell 14 per cent.

CAR OUTPUT (Jan.June)

	PRODUCTION 1977	PRODUCTION 1978	HOME SALES 1977	HOME SALES 1978	EXPORTS 1977	EXPORTS 1978
CHRYSLER	47,288	46,505	34,561	35,456	11,623	8,612
CITROEN	47,258	45,955	33,180	33,216	12,079	12,976
FORD	62,470	114,763	19,254	31,189	42,998	84,242
RENAULT	102,546	101,622	75,487	78,149	27,161	20,588
SEAT	163,881	115,046	117,629	101,244	35,547	36,173
TOTAL	423,443	423,891	280,111	279,254	129,408	162,596

COMMERCIAL VEHICLE OUTPUT 1977

	LIGHT No.	LIGHT %	MEDIUM & HEAVY No.	MEDIUM & HEAVY %	BUSES No.	BUSES %
CHRYSLER ESPANA	—	—	5,300	30.8	180	5.4
E.N.A.S.A.	9,202	13.8	8,805	51.2	2,361	70.7
MEVOSA	14,350	21.5	—	—	150	4.5
MOTOR IBERICA	25,750	38.6	3,100	18.0	650	19.4
METAL SANTA ANA	12,400	18.6	—	—	—	—
VIASA	5,050	7.5	—	—	—	—
TOTAL	66,752	100	17,205	100	3,341	100

Seat further suffers from the disadvantage of having grown up less as a commercial enterprise and more as an institution of State. Close to Government, with easy access to credit and protected from competition, it lacked an aggressive commercial spirit. Further, once competition arrived, it was handicapped by its avowed policy of providing models to satisfy all ends of the market. Thus Seat now has to compete against other manufacturers, enjoying economies of scale, who are attacking specific sectors of the market: Ford and Renault the small family car, Citroen the medium sized family saloon, and Chrysler has been attacking the upper end of the market. All four concentrate on few models: Ford is limited solely to the Fiesta range. Seat has more models than all the other manufacturers combined, yet 47 per cent of its total sales come from one model—the 127.

The other four motor manufacturers are not fully owned by the parent company but the relationship with the parent is clear-cut and conceived to a greater or lesser extent as part of an internationally integrated operation, the most fully integrated being the Ford Fiesta production at Valencia. In the case of Ford and Chrysler the parent company holds 99 and 97 per cent of the equity respectively. Renault, hesitant to be seen to dominate its Spanish subsidiary, Fasa-Renault, nevertheless has discreetly raised its stake to over 65 per cent. Citroen has 45 per cent of its Spanish subsidiary.

Chrysler's assembly line at Villaverde, on the outskirts of Madrid, has provided the base for an attack on the upper end of Spain's market. The effect of a Peugeot take-over remains uncertain.

For Seat, Fiat's 36 per cent shareholding has been small enough to give the illusion (and sometimes the reality) of effective Spanish control, but it has always been large enough to inhibit the company. According to Spanish sources Fiat, having *accepted the establishment of a* large volume production, has resented the prospect of Seat becoming a competitor.

However, friction has been most evident in third country markets, which account for almost 40 per cent of Seat's turnover. Exports are governed by a 1967 Fiat-Seat agreement which is an *unhappy compromise*. Seat may use the Fiat network but is effectively left with the less desirable markets. Recently Seat made a virtue of necessity by concluding an agreement with Egypt to produce there the 133 model.

In the long run the situation suits neither Fiat nor Seat. Fiat faces the continual possibility of Seat undercutting, while Seat ultimately relies upon Fiat's goodwill for penetration of export markets and to maintain its share of the domestic market. The recession in Spain coupled with a sharp rise in industrial overheads has put pressure on Seat management to reconsider the future. Added to which is the realisation that major new investments are needed and, more important, that by the early 1980s Spain will, as an EEC member, have to lift the barriers of protection.

The catalyst changing attitudes at Seat has been the advent three months ago of a new president at INI, Sr. Jose Miguel de la Rica. Coming to the public sector from a life time in private business and experienced in dealing with multi-nationals, Sr. de la Rica *immediately* saw the inherent vulnerability of Seat and for that matter of the rest of the motor industry that was in Spanish hands. Sr. de la Rica believes that total integration of Fiat or purchase of the INI stake and a drastic reduction of the number of Seat models is the sole viable long term solution. INI has the resources to buy out Fiat but it does not have the resources to sustain its present volume of production or develop export markets. He sees no justification for supporting the company in its present form.

Similar but less complex considerations apply to the two commercial vehicle companies, Enasa and Mevosa. Enasa controls 51 per cent of the medium and heavy duty truck market with its Pegasos trucks. Until 1973 British Leyland had a 25 per cent stake in Enasa. This shareholding was bought out by a group of Spanish banks and together with INI, the management set out to make it a truly national industrial vehicle company. It has had considerable success in Latin American sales and exports now account for one-fifth of its Pts 27bn (£313m) turnover. But Enasa has been hit by increased efforts by Chrysler to penetrate the truck market—a market which in turn has suffered from the recession. Last year Enasa made a loss of Pts 837m (£5.5m) and now faces another difficult year. BL still does hold a 27 per cent share in Metal. Santa Ana which makes Land Rovers under licence.

One possibility is that Fiat would negotiate the purchase of INI's stakes in both Seat and Enasa as part of an overall package, the Enasa element being negotiated by Fiat on behalf of the European consortium Iveco. Enasa is seen in Madrid as the most attractive company on offer by INI. Indeed the size and complexity of absorbing or simply purchasing the INI stake in Seat, is enormous. For a start to make any of the deals politically acceptable in Spain, there would have to be built-in guarantees of jobs which in turn would require important new investment commitments. It is precisely these considerations which in the past have led the Fiat management to postpone any decision on their Seat involvement, even though such a decision ideally should have been taken in the early seventies. Fiat itself has undertaken to outline its proposals in September.

Trade union power

One international motor trade executive cautioned against expecting an early conclusion to these negotiations. He pointed out that the investment climate in Spain—not long ago considered the potential base for a flourishing motor industry—at present was still nervous and industrialists in large plants like the motor industry were only beginning to come to terms with the phenomenon of trades union power.

This said, Spain does offer a comparatively untapped car market. Car ownership is little more than 150 per 1,000, well below the European average. Industrial truck use is also below the European average. In the past this was the main attraction of manufacturers seeking to penetrate the market via local production ventures. Indeed the difficulties over INI's divestiture could come from within the Spanish political parties rather than from prospective purchasers. At a time when the opposition Socialist and Communist parties want a strengthening of the public sector in all areas of the economy, the State holding company is proposing to divest itself of its interests in a key economic sector, permitting almost total foreign control. The only motor company of note to remain largely Spanish would be Motor Iberica, which makes trucks and tractors.

Preliminary soundings suggest that this objection will be overruled by the more realistic consideration—that this is the best means of sustaining employment in the automotive sector. Yet if the solution is to be foreign control, then it will mark the acceleration of a process already in evidence of foreign penetration and control of all strategic sectors of the economy as Spanish companies discover they have neither the economies of scale nor the technology nor the foreign outlets to compete.

MEN AND MATTERS

Lloyd's laugh at U.S. legwork

It takes a lot to unstiffen the upper lip of the world's oldest insurance community, Lloyd's of London. But yesterday loud guffaws could be heard around Lime Street.

What prompted this uncharacteristic — and perhaps slightly edgy — reaction was a full-page advertisement in the Wall Street Journal. It displays a picture of Betty Grable (if memory serves me right), costumed in a swim suit and looking alluringly over her shoulder. Across her bottom runs the legend — "After years of legwork we can cover any risk as easily as Lloyd's of London."

This $30,000 boast — cost of a WSJ full-page — is made by the American International Group, America's largest insurer operating abroad. Behind the Madison Avenue razzmataz is a very serious intention. New York has recently liberalised its highly-regulated insurance laws. A "Free Trade" zone has been established which will enable U.S. insurers to write policies with annual premiums in excess of $100,000, or of an unusual nature — business formerly covered by Lloyd's — without restriction by state regulations.

When American International says in its ad that it has "helped develop and implement this innovative legislation" (coming into force on September 1) it is with justification. Maurice "Hank" Greenberg, American International's president, has been campaigning for the change for over four years.

Will Lloyd's respond to the Betty Grable block-buster? "We only advertise for staff," said a Lloyd's official loftily yesterday, "and we are not thinking of engaging the services of Saatchi and Saatchi. Lloyd's is not actually in need of publicity at the moment." Another Lloyd's man told me: "We can get more coverage by refusing one U.S. broker direct admission to Lloyd's than we can by engaging the whole of Madison Avenue."

All of which suggests that Lloyd's are scarcely likely to embark on advertising their own virtues. So readers of the FT are to be denied the possibility of seeing the chairman of Lloyd's perhaps displaying a tantalising glimpse of his ankle.

Victory parade

As New York insurance men deployed bathing beauties to launch their challenge, a ceremony at the front entrance of Lloyd's yesterday epitomised the more mellow London style. A six-foot model of HMS Victory was handed over by the committee of the British Insurance Brokers' Association. Nobody actually put a telescope to his blind eye or said "Kiss me, Hardy," but the sense of history was strong.

The model, costing £10,000, will be displayed in Lloyd's new administrative headquarters in Chatham—the port where the original Victory was built. As it happens, the old flagship was commissioned during the American War of Independence. Somebody in Lloyd's who is good at figures has worked out that to build a full-sized Victory today—she cost *£57,748 in the 18th-century*—would mean laying out £10m.

Jet Age sheriffs

Shifting four rusting crates containing jet engines—over a ton apiece—should prove an interesting problem for Scottish sheriff officers, anxious to liberate them from their alfresco position outside Rolls Royce's East Kilbride plant.

The engines were "blacked" by the workforce in protest at the killing of Chile's Marxist President Allende and have been out in the rain for the past three years. The Chilean Air Force would now like them back, and all concerned are hoping the 1,100 workers will co-operate, not least the harassed RR management, who asked me a little aggressively: "You find it funny, do you?" As long as a year ago, a Scottish court ordered the return of the engines.

"Personally I'm in no hurry to see myself on a Tory poster."

Such an impasse would hardly ruffle the serenity of Alastair Black, Under Sheriff of Greater London, who tells me he recently had to seize and sell a Boeing 707, against the clock: Heathrow's parking meter was notching up £245 every day.

"One minute you're selling an Old Master and the next you're trying to offload a quantity of men's clothing, horses, or garlic that's started to go off-slightly," he says.

"You've got to be prepared to market whatever you seize. The other day we had 22,547 tons of pumice stone. . ." Black says 14,000 writs for the possession of goods were executed in Greater London in 1977: but the number has been plummeting during the last four months. More credit is being given to traders, he says, and in his view the banks have learned a lesson after burning their fingers when the property boom exploded: "Their experience on that showed that if they'd waited a bit longer they might have recovered their money."

Black Sea rock

Spreading from Surbiton to the Black Sea, a spectre is haunting Russia—the spectre of *disco. British manufacturers of* discotheque equipment hope to break into the Soviet market in a big way for the Moscow Olympics of 1980. They reckon that the authorities will be forced to import some decadence, if only for the foreigners. But it now seems that disco fever has already infected Mother Russia.

Soundout Laboratories, makers of disco turntables, is pioneering the export of what Communists might view as "socially irresponsible" products into Black Sea holiday resorts. It routes them through its agent in Finland and sales have grown from nothing to more than £23,000 in seven months. The company's technical director, Todd Wells, is not sure that the Politburo knows this is happening. As far as he can gather, enterprising Black Sea hoteliers are *doing the heretical thing of* supplying demand, by purchasing Soundout's equipment off their own bat.

Wells plans a visit to the USSR soon, to investigate market prospects for himself. He has the feeling they may be good. Manufacturers of safety pins and zips be advised: brush up your commercial Russian. Where discos go, can punk be far behind?

Observer

ECONOMIC VIEWPOINT

Myths about exchange rates

SEVEN YEARS ago I was recalled from holiday because President Nixon had suspended the convertibility of dollars into gold and imposed an import surcharge—as well as imposing wage and price controls. The parallels are ominous. It is August: the dollar is again under pressure; the U.S. President has asked for top level studies; and the weekend after next I shall be passing through Salzburg—the place from which I was recalled in 1971.

At that time there was a case for floating the dollar, but not for the other measures. This time the main cause for worry is not the falling dollar, but the supposed remedies for it—whether undertaken by the U.S. alone or in concert with other countries.

Central bankers and central planners share a common distaste for exchange rate movements, as do those businessmen who would like stable exchange rates in an unstable and inflationary world. As a result of these prejudices and a misinterpretation of certain lines of economic research and teaching, it has becomes fashionable to say that "exchange rate changes don't work." This still seems to me an attitude devoid of all merit and all thought, but one which could do untold damage to world trade.

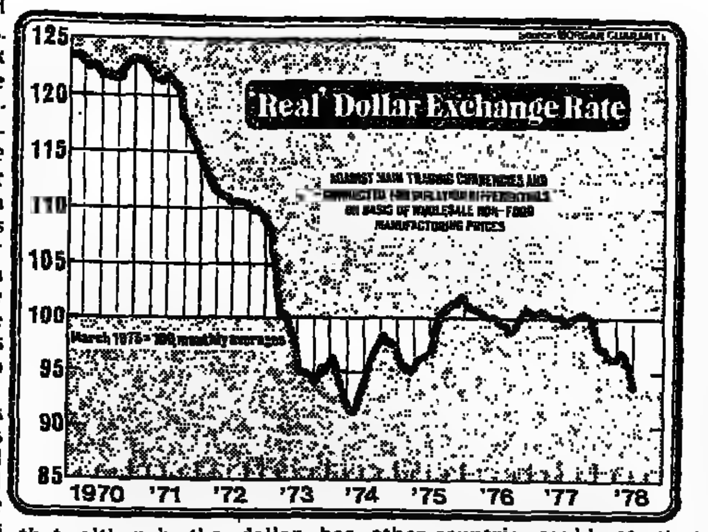
Of course floating exchange rates have not brought about a paradise on earth. Nor have they provided a magic key to enable countries to maintain very low unemployment rates without accelerating inflation. But, there was no reason to suppose that they would do so. Nor was there any reason to expect that they would eliminate all current account surpluses and deficits.

All that can be claimed for floating exchange rates is that they balance the supply and demand for foreign currencies. If they are left to do their work there is no need for balance of payments policies, cap-in-hand official borrowing, export drives, import quotas, exchange control and all the other paraphernalia of modern mercantilism. The benefit is thus limited, but extremely important. We could have it in the case of the dollar if only those in authority, and those who comment on their actions could resist the urge to "do something."

A balance of payments problem arises when a country's authorities are trying to hold the exchange rate at a level different from the market rate and are running out of reserves for the purpose. If they do not intervene there cannot be a balance of payments problem. Nor can there be more than a very short-term problem—entirely taken care of by the swap network—if central banks intervene in a short-term self-liquidating way simply to smooth out fluctuations around the market trends.

For instance a study by IMF staff members* shows for the period 1973-76 deviations of up to about 5 per cent on either side of a 13-months' money average of the sterling-dollar parity. If central banks are clever enough to spot these deviations and act like successful stabilising speculators, they can perform a useful function. Their track record will be shown at least approximately by their profits and losses. The trouble is that they are not content with this role, with its ascertainable criteria of success and failure, but try to impose what they regard as the "right" rate

The reason why exchange rates are said to have failed is that although the dollar has fallen and the Yen and D-Mark risen there is still a current U.S. deficit—estimated at over $20bn this year—a Japanese current surplus of over $17bn and a much smaller German surplus of $5bn. (There is also a Swiss current surplus of over $4bn which will surprise those who think that the Swiss have become hopelessly uncompetitive on non-capital items.) A calculation in the current Morgan Grenfell Review shows that the total of current imbalances of OECD countries *with each other* (thus abstracting from the effects of the OPEC surplus) has risen from around 0.6 to 1 per cent cent of GDP in the late 1960s and early 1970s to 1.2 to 1.6 per cent in the mid-1970s.



These imbalances do not matter if, at current world interest rates and exchange rates, there is a surplus of saving over investment opportunities in Japan and an excess of investment opportunities in the U.S. So long as the Japanese are buying assets overseas—whether real or financial—they are financing exports which other countries could not otherwise afford to buy and are not depressing the world economy. This is obvious if they set up plants in developing countries in South East Asia, but it is also true if they buy Wall Street securities or real estate in Ireland.

But of course exchange rate changes do protect the current account as well. This is most obvious when the only differences between two countries are relative inflation rates. If Urbania has twice the rate of monetary expansion of Ruritania and twice the rate of wage increases (for the same productivity) and there are no other differences, then Urbania's nominal interest rates will be higher and its exchange rate will depreciate indefinitely to offset the inflation difference. The current account and everything "real" will remain the same—only the numbers on pieces of paper will be different.

What has caused the confusion is that if Urbania is initially inflating at the same rate as Ruritania, and then starts to create more money, its exchange rate suddenly falls and its price level rises. Indeed this fall in the exchange rate is in an open economy the main transmission mechanism for the inflation. But what should be criticised is the original inflationary monetary policy. It is no more sensible to blame the falling exchange rate for the inflation than for an ageing beauty to smash the mirror that conveys the message of passing time.

THE DECLINE OF THE DOLLAR

	Smithsonian rate (Dec. 21, 1971)	Rate on Aug. 15, 1978	Depreciation in %
Yen per dollar	308	184	−40.3
D-Mark per dollar	3.22	1.95	−39.4
Effective $ rate (Morgan Guaranty)	100	89.3	−10.7
Effective $ rate (Bank of England)	100	82.6	−17.4

This is still true when we move from Urbania and Ruritania to actual countries. But then the prices of goods which do and do not enter into trade can move very differently in relation to each other in the two countries; and real growth rates can differ greatly, as can domestic money-holding habits. So a simple-minded comparison of money supply growth or inflation rates would not have enabled anyone to predict recent exchange rate movements. In fact the U.S. price level has risen by 12 per cent more than the German one since 1971, while the dollar's depreciation against the D-Mark (over and above that agreed on at the Smithsonian) amounts to about 40 per cent. Japanese internal prices have over this period have risen by 25 per cent *more* than U.S. ones. American monetary growth has also been less than that of Germany and Japan.

Even if an analyst tries to correct for structural differences in the three countries to work out appropriate rates of monetary growth, he would still have to remember that the official U.S. money supply figures are understatements, as can be seen from the much higher figures for Domestic Credit Expansion (DCE). If floating were always clean and the statistics were perfect, there would be no difference between the money supply and DCE. As it is we have to look at both and all other available indicators; and also allow for expectations and portfolio preferences.

The more difficult question is how far exchange rate changes have to go when they have to compensate for changes in the demand and supply for currencies reflecting forces other than pure inflation. Examples include structural changes, such as the increased U.S. dependence on imported energy, the need of some countries to compensate for increasing non-price disadvantages (eg exporting cars with doors which are likely to come off) and the desire to acquire a currency which has become useful for reserve or trading purposes.

A recent OECD study shows that exchange rate changes have only a modest and short-lived effect on prices of manufacturing exports. The large and important effects are on relative unit costs and hence export profits. This is what one would expect when there is a prevailing international price level from which exporters hesitate to depart. The main exceptions, where export prices have remained more competitive after depreciation are the U.S. and Canada, where manufacturing is much less important in total exports than it is for Europe and Japan.

In fact the fall of the dollar has been astonishingly recent. Buoyed up by petrodollar funds, the dollar was last summer only 4 per cent below the Smithsonian rate, on the Bank of England index. The plunge to an 18 per cent drop has taken place in two successive spasms—last autumn and since this June. The big improvement of U.S. price competitiveness after the dollar devaluation of 1971 and 1973 was, as the chart shows, partially reversed in the year that followed; and has resumed again only in the last year or so. Now, however, U.S. competitiveness is improving in a big way and Japanese costs are rising in international markets to a totally unprecedented extent.

This does not mean that the dollar will cease to fall. The big new feature is a desire for portfolio diversification out of the dollar by private and official holders of balances, including petrodollar holders. The net external liabilities of the U.S.A. have doubled since 1971 to reach well over $100bn. By comparison Germany has practically no such liabilities officially recorded. This is hardly a stable position and the D-mark is likely to come into increasing demand for reserve purposes, as too is the yen.

The rise of the D-Mark as a trading and investment currency has been analysed in an Amex Bank Research Paper† which shows that many European exchange rate changes follow closely those of the D-Mark. The general pattern, typified by the French franc, is for the European currency to rise with the D-Mark against the dollar but by a smaller amount. The Swiss franc is a deviationist, as it rises more than in proportion to the mark. The UK (and presumably Italy) are outside the bloc and go their own way.

These relationships explain why the depreciation of the dollar against the D-Mark has been so much greater than the weighted average shown by the indices. (Similar considerations may apply to the yen which is not in the Amex calculations.) They also suggest that exchange rate changes will reflect inflation differences much more closely within each bloc than between the key currencies themselves.

There is undoubtedly some rate for the dollar at which it would actually attract speculative interest and at which portfolio diversification would stop. But because the relative strength of the different key currencies are so much more affected by shifts of financial investment than by trade flows, they can drift quite far apart before corrective forces come into play. As a result visits to King Ludwig's Bavarian castles may become prohibitive for American tourists, while hosts of German-spending visitors may line up for bargain price tours of the Rockies or Manhattan. It seems a small price to pay for the continued free flow of world trade.

Samuel Brittan

* *Floating Exchange Rates*, by J. R. Artus and A. D. Crockett, Int. Finance Section, Dept. of Economics, Princeton, New Jersey.

† *The European Currency Bloc*, Economics Unit, Amex Bank, 120, Moorgate, London, EC2P 2JY.

Letters to the Editor

Integrated circuits

From Mr. A. Foster.

Sir,—In his letter on August 3, Dr. Mackintosh spent so much effort defending himself against Mr. Toeman (July 28) that he almost forgot to answer the basic question about the role of multinationals in the field of microelectronics.

The integrated circuit industry is of an increasingly huge scale, of which the Inmos memory is but a small part. It is capital intensive and the technology changes rapidly. The only way to recoup the investment is to go for volume on a world scale. Another essential by-product of volume is that the cumulative experience allows the manufacturers to come down the learning curve and further reduce his costs. To produce on a world scale it is necessary to sell on a world scale; this is a job for which multinationals are ideally suited; indeed it might be argued that one has to be a multinational in order to succeed. Yet paradoxically, Dr. Mackintosh doubts their value.

Of course, no multinational will establish every technology in the UK: if it was to do so then they would not, by definition, be multinational since all the manufacturing capability would be in the UK. To point to the absence of a particular expertise as a failure of the system is to assume that we can be an independent world power in every field. This jingoistic thinking could be expensive but is probably harmless enough when associated with such trivial sums as £50m (the Japanese are spending ten times more).

One could argue that Inmos is an example of some brave thinking: an attempt is being made to go for the world market; the technology is advanced. There are, however, some fundamental questions to be answered: how will the company operate worldwide; what is the planned market share; what competition is expected from rival companies who already have the same technology, customer contacts worldwide and extensive R and D support?

Dr. Mackintosh wants to build a "Silicon Island" with our money. Let us hope that his dreams do not disintegrate.

A. Foster.
2, Croft Road,
Cheadle Hulme,
Cheadle, Cheshire.

A volatile industry

From Mr. A. Brown

Sir,—There are obvious dangers in trying to compress an enormously complex problem into the space allowed one in a national newspaper. That the future of the UK semiconductor industry is complex cannot be in doubt, and I suggest that both Messrs. Toeman and Machin (August 10) have oversimplified the problem to a considerable degree in commenting on the views of Dr. Mackintosh (August 3).

Let us look at a few facts: The present acknowledged world leaders in the metal oxide silicon (MOS) memory business are the U.S. companies Mostek and Intel, and the Japanese companies Fujitsu and NEC. No European company has yet provided effective competition to the U.S. semiconductor companies in "standard" integrated circuit products, except in the case of certain consumer linears. (Philips acknowledged this several years ago by purchasing Signetics, then lying about No. 7 in the American IC league.)

Texas Instruments has not so far had a distinguished record in MOS which is the IC technology upon which most of the future hopes in memory and microprocessors are pinned. In any event, its IC operations in Europe have not generally included much advanced research work, which is a key factor in this rapidly advancing technology.

The co-operation between Matsushita and Philips to which Mr. Toeman refers has had nothing to do with, or effect on, any microelectronics products produced by Philips.

Where then do we go from there? The Inmos approach is courageous and involves under tight British control two of the very few men in the world today capable of developing future products which will suit the international market's needs, operating in harness with probably the best computer scientist in the UK. Two common fallacies are the assumption that there is an unlimited supply of such men—which there is not, and the idea that the first 64K RAM to be designed will sweep the market—the history of the 1K, 4K and now 16K shows how wrong this conception is. The company which produces the first 64K device to meet the market requirements in terms of compatibility of voltage, pin size etc., and other factors demanded by the equipment manufacturers, will not have to worry unduly about its marketing organisation.

The other approach is the GEC/Fairchild joint venture which will no doubt be followed by other initiatives from the other two British companies, which are incidentally by no means lacking in technical competence in the IC industry. All of this is to be welcomed because the more British organisations competing on a properly financed basis, the better will be the chance of a successful and viable British capability in this vital micro-electronics industry.

A. J. Brown.
Abercorn,
3 Donaldson Gardens,
St. Andrews, Fife.

Red Grouse grouse

From Mr. E. Moroney

Sir,—It really isn't true that the Red Grouse feeds exclusively on heather as John Cherrington says in his interesting article on August 12.

Only about threequarters of a Red Grouse's food is vegetable; the rest is animal. The bird's crop will nearly always show lots of berries—whinberry, cowberry, bearberry and others. And if they get in among stooks of harvested oats they'll have those too. They don't have to have heather at all.

What FT really needs is a qualified Ornithological correspondent, for which job I would submit, with respect, myself.

Edmund Moroney.
32, Plymouth Road,
Penarth, Glamorgan.

Post Office accounts

From the Deputy Board Member for Finance and Corporate Planning, the Post Office

Sir,—I was very pleased to read Professor Harold Edey's article (August 9) about a proper basis for accounting for inflation in the state industries. Professor Edey's views are very much in line with those expressed by Frederick Waterhouse, our finance member, in this column on August 7. There is one historical point, however, that I would like to take up which may be of interest to your readers.

In Professor Edey's article, he refers to the Post Office having followed the practice of providing extra provision in the accounts to cover the replacement of assets since it became a public corporation. In fact the Post Office first made provision to allow for the high cost of renewing plant in its accounts for 1946-47, and has continued the practice with some refinements ever since.

Although the Post Office was a Government department up to October, 1969, it has always had to present accounts to Parliament on a commercial basis under the statutory requirements which go back as far as 1920. Although the particular statutory requirement was suspended during the war, and formal publication did not recommence until the accounts for 1947-48, the accounts for the intervening years were prepared internally and our records for 1946-47 show that a decision was taken in that year to make additional depreciation provision to allow for the high cost of renewing plant. The amount involved at that time was £2m, which compared with a total Post Office surplus (after charging interest on capital) of £24m which broadly divided between the three services at the time as £12m for the postal service, and £14m for the telephone service offset by £2m loss on telegraphs.

It is also interesting that the accounts for that year show that Post Office capital expenditure on plant, sites and buildings (mainly for telephone work) amounted to just over £14m. This is in striking contrast to the 1977-78 figure of nearly £900m.

E. Beauchamp.
23, Howland Street,
London, W1.

What the report covers

From the Executive Director, Mail Users' Association

Sir,—Mr. Waterhouse's letter of August 7 was a welcome explanation of the Post Office's policy on depreciation. The conservative approach of the Post Office has been of some benefit to customers in that it makes for a better controlled investment policy. One can well imagine the criticism if the Post Office had to keep applying for increased borrowing powers, or had to put up its prices because it found itself short of a few hundred million pounds needed to replace assets which had reached the end of their working life.

Many of the attitudes to the Post Office's profitability are ambivalent. Although the price increases of 1975 are the dominant factor in the turn-round of the corporation it is surely unfair to castigate the Post Office for being a loss-maker one year, and then for making profits the next—I do not recollect many people pointing out that the losses of a few years ago could be reduced by changing the basis of the depreciation policy. More important, the focus on the profit and loss issue diverts attention from some matters which need examination and comment.

The productivity record, particularly of posts, is still poor. Much of such progress as has been made appears to have been largely at the expense of service, and therefore, not a productivity improvement in real terms. The devising of a comprehensive system of work and traffic measurement has made disappointing progress. The introduction of such a system is fundamental to the longer term prospects of the postal services, yet there appears to be no discussion of the issue in the report and accounts.

The 10-year quality of service figures are given but in a way in which like is compared with unlike. It may be difficult to adjust the figures, but there is no reason why footnotes should not be provided to show in which years standards of service were changed. For 1977-78 overseas mails revenue and profits were adjusted. The change may or may not be reasonable but it is ill explained.

There is no ready indicator of postal productivity. It would be fairly easy for throughput/staff hour to be shown. Although this is not a perfect guide it would be an improvement on throughput/employee, which, in any case readers have to work out for themselves from two separate sets of figures and from at least five back numbers of reports if they are to obtain a trend.

Finally, there was no undertaking given to produce interim reports and quarterly statements for all the businesses in the Post Office. These would not be expensive or time consuming to produce as much information is already available.

M. E. Corby.
29, Sackville Street,
Piccadilly, W1.

The Straits of Messina

From Mr. R. Sherman.

Sir,—Your issue, August 9, carried a report from Paul Betts about the bridging of the Messina Strait. It would seem from this that it has been decided that the form of this crossing should be the suspension bridge design developed by the "Messina Bridge Consortium."

I submit that reports of the birth of this particular project are exaggerated. The 1969 competition held by the Italian Government for designs for a crossing resulted in the award of six equal first prizes, five of which were for suspension bridges of various types, and the sixth was for the design submitted by my company for a novel type of submerged buoyant tube bridge.

The statement in Mr. Betts' article that there is no viable alternative to the single-span suspension bridge is just not true. Indeed, inspite of the enormous effort and time that the Messina Bridge Group has undoubtedly devoted to the development of its design, there remain enormous doubts about the feasibility of a suspension bridge which would have a span of more than double that of the largest yet built and in addition carry a railway system. No suspension bridge yet built in the world of any significant span carries a railway, because of the static and dynamic loading problems. It is possible to design anything on paper. The translation into reality can perhaps be effected, given unlimited funds. But such expenditure is wasted if a more economical solution exists.

The cost of the suspension bridge described is given as L1,000bn. Since the location of the bridge is such as to require expensive access roads and rail links, the overall cost would probably be much higher.

My company's solution—what is effectively a tunnel through the water—enables us to relocate the crossing further south, where the Strait is wider and the water less turbulent, and where it is possible to link directly into the existing road and rail network on both sides. Our design has also been vetted by independent competent authorities and found feasible. It has also been costed at L500bn—half that quoted for the suspension bridge. If the Italian Government has the means to mobilise L1,000bn, the money would seem to be better allocated to the installation of a submerged buoyant tube bridge solution, thus leaving 1,500bn for other projects of benefit to the area, and helping to allay the misgivings of the local trade unions which Mr. Betts refers to.

I believe that the inexorable logic of the situation will lead the Italian Government to choose the most economical solution available, by means of a proper competitive tender.

Ralph Sherman.
Verdanta,
West End Lane,
Esher, Surrey.

Chrysler and Peugeot

From Mr. T. Sharpe

Sir,—Speculation that Part II of the Industry Act, 1975, could be used to prohibit the proposed take-over of Chrysler assets in the United Kingdom, which is repeated in your front page article by Messrs. Hunt and Garnett on August 14, is misplaced. For the Government to seek to prevent an undertaking in another EEC member state from establishing itself in the United Kingdom would be a breach of Articles 52-58 of the EEC Treaty. These Articles proscribe any discrimination, any inequality of treatment, between undertakings of a particular member state and other Community undertakings. The right of establishment has been a directly effective provision in the United Kingdom since accession.

During the passage of the Industry Bill the Government thought differently (see Mr. Kaufman's speech at Vol. 894 HC Deb. cols. 1347-8) and stated that the discrimination inherent in prohibition orders was discrimination on the grounds of residence not nationality—as if the effect would be any different. Reference to the recent cases of *Thieffry* (1977 ECR 765) and *Patrick* (1977 ECR 1199) would dispose of this argument.

The point is, in fact, an elementary one. Some recognition of the fact of the U.K.'s membership of the EEC could have been made in the text of the Industry Act itself. It is not sufficient to refer to the text of s.2(4) of the European Communities Act: this simply leads to uncertainty of the sort we are witnessing.

Thomas Sharpe.
East Claverhouse,
Dundee.

Town centre stores

From the Chairman, International Stores.

Sir,—In the article "Time to check out what's in store" (August 14) the statement that "other hypermarket groups appear less willing to forego the traditional hypermarket concept of development on the edge of town" is certainly not true of International Stores. I suspect it is not totally true of the other groups named in the article but I obviously cannot speak for them.

Certainly we have a fine record of working with local authorities to develop town centre superstores of up to 80,000 sq ft, and we would be delighted to work with any local authority within the guidelines of the Department of the Environment.

Laurence Hill.
Mure Square, EC3.

Today's Events

GENERAL

Bank of England issues details of UK banks' assets and liabilities and the money stock; and London dollar and sterling certificates of deposit (mid-July).

London Chamber of Commerce Top Secretary of the Year award, 69, Cannon Street, E.C.4, 1 p.m.

Edinburgh Military Tattoo opens, Edinburgh Castle (until September 9).

OFFICIAL STATISTICS

Consumers' expenditure (2nd quarter, 2nd preliminary estimate). Building Societies survey, 5 per cent sample survey results (2nd quarter).

COMPANY RESULTS

Final dividends: Capital and National Trust; Danks Gowerton; A. J. Gelfer; Norton and Wright Group. Interim dividends: Albright and Wilson; Corah; Evode Holdings; First Scottish American Trust; Lex Service Group; Needlers; Rea Brothers; Royal Dutch Petroleum; Royal Insurance; Shell Transport and Trading; Transport Development Group; Woodhouse and Rixson (Holdings).

COMPANY MEETINGS

Allied Retailers, Strathallan Hotel, Birmingham, 12. Carclo Engineering, Queen Hotel, Leeds, 3. Greene King, Theatre Royal, Bury St. Edmunds, 12. Scottish and Newcastle Breweries, King James Hotel, Edinburgh, 12. Symonds Engineering, Great Eastern Hotel, E.C., 11.30.

OPERA

English National Opera give final performance of The Magic Flute, Coliseum Theatre, W.C.2, 7.30 p.m.

MUSIC

Grenadier Guards band concert, St. Paul's Cathedral steps, noon.

SPORT

Cricket: Young England v. New Zealand, Leicester. Golf: Junior home international (women), Largs; Irish professional championship, Hermitage.

COMPANY NEWS

Substantial progress on all fronts for UDT

A GOOD DEAL of progress has been made by United Dominions Trust in the year ended June 30, 1978. Profits before tax advanced by £4.8m to £17m, the "lifeboat support" is now some £200m less than its high point three years ago, investment sales realised £14m, and the property lending portfolio was reduced by £25m.

The dividends on all classes of preference stock have now been brought up to date, including the payment of two years' dividend on the fourth stock in one year. Total cost is £4.3m.

Mr. L. C. Mather, the chairman, says the satisfactory increase in profits stems from a "remarkable improvement" in group activities at home, where instalment and credit and related activities shot up from £2.1m to £14.4m. But for problems in South Africa and Australia the profit would have been much higher. There is this year a £3.3m loss on overseas trading, compared with a profit of £4.4m in 1976-77.

The final outcome, nevertheless, records further substantial progress, with a welcome addition to reserves and a reduction in funding risks and other contingent liabilities strengthening materially the balance-sheet position. Earnings for the ordinary were improved from 3.28p to 6.41p per 25p share.

Mr. Mather says despite a substantial increase in UK lending book, UDT has again reduced the extent to which it relies upon the support of leading banks, headed by the Bank of England, now some £200m less than its high point three years ago. "Their continued co-operation is invaluable and we are thus assured of the availiblity of funds for our business."

There is ample evidence of increasing public confidence, with other market deposits at a fresh peak and a continued expansion of the spread of depositors.

Available resources have been improved by the sale of investments in Computer Leasings and Henry Wigfall and Son, realising £14.0m. The funds released are being employed to greater advantage in home group operations. The sale of UDC Bank in South Africa has relieved the group of relatively large funding obligations.

	1978 £m	1977 £m
Profit before tax	17.0	12.2
UK instalmt. credit, etc.	14.4	2.1
Other financial services	1.5	4.9
Property advances	0.9	0.9
Vehicle hire and motor	3.0	1.2
Engineering	[illegible]	[illegible]
Property constn. loss	0.3	1.0
Overseas loss	3.3	*4.4
UK tax	2.8	1.5
Overseas tax	3.3	4.8
Minority loss	0.5	*2.1
Balance	11.4	3.5
Extraordinary debits	[illegible]	3.1
Preference dividends	†4.3	0.2
Retained	2.2	0.5

* Profit. † Prior years £2.1m (£0.1m) and current year £2.2m (£0.1m).

The overall result of the transactions in South Africa so far as UDT holders are concerned was a loss of £1.1m in addition to writing off the remaining goodwill of £1.2m. *UDT* now has full control of the remaining assets in South Africa in respect of which provisions of £5.5m have been charged against group profits.

The increase in UK instalment and related activities was the product of a significant increase in new business and lower money costs. Traditional links with the motor, *motor-cycle and caravan* trades in providing finance at the point of sale have enabled UDT to increase materially the amount of the instalment credit and leasing portfolio. Benefits derived from the removal of statutory restrictions relating to deposit and repayment terms for motor-cars purchased for business use *have applied throughout the year*.

The quality of business transacted throughout has much improved with a "marked reduction" in the leael of errors and defaults.

Mr. Mather stresses that with around 75 per cent of *instalment* credit portfolio lent at fixed rates, the cost of money is an important fact aroffecting profits because margins narrow as interest rates rise and widen to benefit UDT when they fall. The duration of higher market rates and tight corset controls remains to be seen, *but they will* certainly affect UDT in the current year. The flexibility of rate structure and concentration on speeding the turnover of the funds available will reduce the impact of higher money costs.

Excellent progress has been made in reducing the property lending portfolio by £25.1m to £66.2m and it has proved possible to bring £1m of surplus provision back into profits. "We still suffer fro mthe annual burden of unpaid interest which has to be carried but this is steadily reducing. Our portfolio is now down to sensible proportions."

Turning to operations in Australia, Mr. Mather says the property market was depressed and UDT had no alternative but to render appropriate support in order to maintain the viability of the main business of the quoted subsidiary, United Dominions Corporation. The parent, UDT (Australia) Pty, has purchased certain property developments from UDC at cost, and given indemnities against possible losses in respect of its remaining property joint ventures. Accordingly, provision of £3m have been charged to group profits this year.

With those steps the interests of UDT and the minority holders have been protected. UDC "can now concentrate on the normal trading activities in which it has long specialised and we can expect a return to a more *satisfactory* level of profit."

See Lex

BHG passes interim to save cash

BY CHRISTINE MOIR

THE INTERIM results for Barrow Hepburn Group are restricted to trading figures only, although there have been major sales and potential write offs during the period. For that reason the real clue to the company's performance lies in the absence of an interim dividend.

Shareholders had been told at the annual meeting as recently as April that the company, which passed its final dividend last year, should be able to resume a normal *pattern of dividends this year*. Indeed, Professor Roland Smith, the chairman, encouraged shareholders to think that the interim for 1978 might be adjusted to make up for "some of the dividend lost in 1977."

That is now not to be. Instead the company expects to recommend a single dividend of 1.3p *net for the year as a whole*, compared with 1.375p last year, and 3.25p in 1976.

Yesterday Mr. Richard Odey, the chief executive, admitted that the company might have made a "misjudgment over the dividends." The Board now thought is prudent to conserve its reserves in order to reassure the group's *shareholders and bankers, particu*larly in the light of the unease creased by the possibility that the losses at Schrader Mitchell and Weir might involve fraud.

He did stress, however, that the company was still technically able to pay a full dividend.

In the meantime the company is taking legal advice as to rights *against third parties involved in* the Schrader affair where the maximum exposure is now thought to be £4½m pre-tax, of which £1m provision was made in last year's accounts.

The year end figures will also be affected by the performance of British Tanners Products in which Barrow and the National Enter*prise Board are now partners*.

Mr. Odey said that it was not the group's practice to include associated companies in the half-year results. However, "BTP is expected to show a small trading profit for the year, but its 1978 results will have to reflect the rationalisation costs being incurred."

Barrow's share of these costs is thought likely to involve a further £1m or so write off in the year-end accounts.

On the other side of the coin, however, the final figures will also include the £800,000 Barrow will remit to the UK following the flotation of the NZ hide exporting company in which it will retain only a 40 per cent interest.

There will also be the dealing profits from the sales of the investments in Weston-Evans Group (which netted the company £200,000 profit on a £1.4m sale) and Yorkshire and Lancashire Trust which was sold for a price believed to be around *£850,000*.

Meantime, at the trading level profits for the 6 months to June have increased from £1.63m to £1.8m. After tax earnings were £850,000 against £728,000.

The main element in the profit rise was a "better than expected" improvement in the chemicals division, Mr. Odey said. Chemicals are now producing slightly under half group profits and margins and turnover both increased during the period.

The upturn was due to a recovery in France where the branch has performed almost to record levels, to the fact that the plant in Georgia is now on stream and to the reduction in start up costs in Hong Kong. These had been very heavy last year but reduced substantially in the first half, and by the year end it was possible that these costs could be pulled back, Mr. Odey said.

The machinery division, however, remains flat and the good order book referred to in the *chairman's statement had not pro*duced any profit improvement during the period.

Strong recovery trend gives Regional Properties £1.1m.

FOLLOWING the turnround from losses of £168,000 to a profit of £453,000 at midway, Regional Properties recovered further from £6,636 to £1.06m in the year ended March 31, 1978.

Earnings per 25p share are shown at 3.21p against a 0.24p loss last time. The final dividend is 0.6p making a total of 1.1p compared with a single 0.65p final in 1976-77.

In their interim report, the directors said that following the resumption of interim dividend payments, progress was such in the second half that a similar payment to the 0.5p interim was anticipated.

Rent and other income after expenses for the year amounted to £1.9m against £3.02m. The profit is after much reduced *interest of £837,186 (£2.02m)* and before tax of £467,261 against £31,153.

	1977-78 £	1976-77 £
Rent etc. income	1,901,866	[illegible]
Interest payable	[illegible]	2,016,408
Profit	1,064,582	6,636
Tax	467,261	31,153
Net profit	434,835	304,040
Net interest‡	343,633	308,640
Extraordinary credits‡	1,258,890	254,243
Credit balance	1,603,921	159,738
To capital reserves	1,258,680	254,243
Surplus for year	397,241	*44,327
Dividends	204,312	120,630
Increase in retained	202,729	†134,157

* Loss. · Andoutgoings on development properties · After tax credit £237,253 (£24,412). ‡ For net interest and outfinings on develop. properties and extraordinary items. † Decrease.

A professional valuation of all *commercial and development sites* has been carried out as at March 31, 1978. Except in the case of one small development site where existing planning consent has *been taken into account all* valuations are on an open market existing use basis, the dividend says.

This valuation together with the book value of the residential properties which were not revalued resulte din an aggregate figure of £32.76m and produced a surplus of £1.4m over book value.

An "alternative use value of the site at Ealing revealed a further surplus in excess of £2m which has not been taken into the accounts.

Based upon the former figure balance sheet at March 31, the net asset value per ordinary and "A" *ordinary share was, at that* date, 110.1p. Taking account of the convertible debenture stock issued since the end of the year the diluted net asset value per share would be 111.2p§

Moorgate Mercantile replacement

Mr. Julius Silman, chairman of Moorgate Mercantile Holdings, told shareholders at the AGM that directors had given much con*sideration to the problem of con*strains upon development, which he referred to in his annual statement, that the agreement with Commercial Credit Services *inevitably imposed upon them*.

The directors have concluded that, despite the deed of variation recently entered into, the best way of regaining total flexibility was to replace the outstanding indebtedness to Commercial Credit by some less restrictive form of finance.

The chairman said that this had now been achieved and arrangements for the replacement of the outstanding indebtedness, amounting to some £970,000, had been made.

The new funds had been provided by facilities offered by Lloyds and Scottish Finance Group and Forward Trust. The facility in the case of Lloyds and Scottish was secured upon instalment credit agreements and the underlying merchandise belonging to the company previously called Moorgate Mercantile Company, but which had now been renamed North Herts Finance Facilities.

The facility granted by Forward Trust was secured by a charge upon North Herts Finance Services. In both cases the facility was of a continuing nature and guaranteed by the parent company.

Additionally, Lloyds and Scottish was providing a facility to finance business which was currently been written in the name of Moorgate Mercantile Holdings.

A. G. Stanley well ahead at £0.75 midterm

THE DIRECTORS of A. G. Stanley Holdings, home decorating materials retailer, report pre-tax profits well ahead from £508,318 to £748,074 for the six months to July 1, 1978, on turnover up by £2.92m to £10.33m.

They state that the second half has started satisfactorily and are confident that the full year's resuls will show further record growth. Profit for the whole of 1977 rose from £0.93m to a peak £1.11m.

After first half tax of £367,830 against £227,300 earnings are shown as 5.4p (3.9p) per 5p share. *The interim dividend is effectively* stepped up to 2p (1.67p) net, and dependent on the final results, the directors say it should be possible to substantially increase the final payment. But, they add there is a possibility the will be restricted from doing so—last year's final was an adjusted 2.2182p.

● comment

Sales at Stanley were running about 45 per cent higher after three months but since this partially reflects the early Easter a slight slowdown in the second quarter is understandable. Growth is now being maintained at around 40 per cent with the wet summer encouraging more home improvements. Demand for paints has been strong while wallcoverings have once become fashionable after number of very flat years. Stanley stores—average 3,000 sq ft—tend to be smaller than those of Status and Homecharm and as such it is less involved than these two companies in the faster growing *kitchen furniture market*. Nevertheless Stanley is heading for about £1½m this year after terminal losses in Holland which would put it on a p/e of just under 14 at 138p. This seems a little high in relation to both Status and Homecharm although justified in a very strong DIY sector; sales should top £1bn this year growing to over £1½bn by 1980 and the larger combines are taking a bigger slice of the market.

Joseph Webb on target with rise to £511,000

STRUCK AFTER exceptional depreciation, publicity and other expenditure amounting to £123,666, taxable profits of Joseph Webb and Co. advanced to £511,041 for the year to March 31, 1978, in line with the midway forecast of not less than the previous year's £454,928.

Turnover rose from £2.66m to £3.26m and after normal depreciation of £176,678 (£170,704), trading profits climbed from £758,458 to £846,265 split as to: holidays and entertainment £457,223 (£622,970), property investment £96,387 (£95,947) and estate development £292,655 (£39,571).

When announcing a £50,000 drop to £237,763 in first half profits, the directors pointed out that certain negotiations in estate development were well in hand and if as expeceted these matured before the year end, a material increase in group profits would result.

They now say the level of bookings for the 1978 holiday season has shown an improvement on the previous year and it is anticipated that the increased capacity brought about by the acquisition of caravan park in Dawlish *Warren and Paignton should pave* the way for a further increase in profits.

The 1977-78 pre-tax result was struck after interest and management expenses of £335,224 (£303,560), which included interest charges of £178,432 (£181,987).

Tax took £237,230 (£58,532) and included this time a £186,400 pro*vision for land sales. Net profits* fell from £396,396 to £273,811 and earnings per 5p share from an adjusted 2.4p to 1.7p.

On increased capital, the dividend total is effectively raised to 0.538p (0.48185p) net, with a final of 0.4067p—Mr. and Mrs. J. M. Webb have waived a payment of £150,000. A one-for-five scrip issue is also *proposed*.

Worthington falls below previous year's record

Profits before tax of A. J. Worthington (Holdings), textile products maker, are down at £297,441 for the year ended March 31, 1978 compared with the previous year's record £311,615.

With first half profits showing a slight rise from £148,500 to £151,200, the directors said that allowing for inflation, last year's record performance was not maintained owing to a decline in home demand for some sections of the group's business.

	1977-78 £	1976-77 £
Turnover	1,828,222	1,663,636
Freehold Propy. profit	7,448	—
Bank interest	839	13,026
Investment income	602	520
Interest paid	3,658	9,417
Profit before tax	297,441	311,615
Tax	152,834	163,453
Retained	126,969	125,017

Earnings per 5p share are shown at 7.02p against 7.27p. The total dividend is raised from 0.704p to 0.786p with a final of 0.472p was expected.

Waivers have been received in respect of 0.478p per share of the final dividend on 400,000 shares.

LUMSDEN FORMS NEW LIFE CONSULTANCY

Lumsden Buckley and Houston has formed a new life assurance consultancy to be known as Lumsden Buckley and Houston (Assurance Brokers). Its directors will be Mr. A. J. Lumsden-Cook, chairman, Mr. Donald K. Campbell, managing director, Mr. K. H. H. Jones and Mr. H. A. J. Shuttleworth, company secretary.

The consultancy will deal with all aspects of life and pensions business.

Tubes profits ahead 15% to £31.4m at half way

IN THE first six months of 1978, profits before tax of Tube Investments rose 15 per cent to £31.4m from increased external sales of £445.4m compared with £398.6m.

Prospects for the rest of the year are for little change in general business conditions, Mr. B. S. Kellett, the chairman tells shareholders. However, continuing improvements in efficiency and competitivenes should enable *the group to maintain* the rising trend of profits.

Last year the pre-tax total was £55.2m on sales of £791.8m.

Earnings per £1 ordinary stock are shown as 38.8p (42.3p). The interim dividend is increased by the maximum permitted—from 9.829p to 10.975p and following the reduction in ACT, a supplementary final dividend of 0.168p is recommended for 1977 raising last year's total from 20.953p to to 21.121p.

A divisional analysis of external sales and profit before loan interest shows: Steel tube contributed £133.1m (£133.2m) and £8.4m (£9m); cycle £71.5m (£61m) and £2.4m (2.8m); domestic appliance £76.6m (£61.3m) and £3.3m (£1.1m), engineering £37.1m (35.2m) and £4.1m (£2.8m); machine £30.3m (£24m) and £0.9m (£0.3m); industrial electrical £28.1m (£26.3m) and £1.6m (£2.7m); overseas £48.3m (£33.7m) and £2.4m (£2.8m); and parent company and other companies £0.4m (£1.9m) and £5.5m (£2.7m).

Referring to the sale of 50 per cent of the equity of the consumer finance division to Lloyds and Scottish Finance, the directors say TI's share of the profits of consumer finance are included in the results of associated companies *for 1978*, whereas for 1977 the results of this division were fully consolidated.

The figures for both years are now included in "parent company and other companies" on the divisional analysis.

Mr. Kellett explains that the growth in consumer spending in the UK, combined with improved market share, enabled the domestic appliance business to earn much improved profits. Demand for components and service equipment for the automotive trade was also strong with companies in this sector continuing their profit growth.

There has been no sign of general economic recovery and expansion in demand from the *capital goods sector. World com*petition for steel products has continued to be severe, though the group has drawn comparative strength from its selective position as a specialist tube producer.

Demand for aluminium has shown some recovery from the *decline in the second half of last* year, but the strength of the U.S. market has not been fully reflected in Europe. Machine tools demand has remained generally weak, except for numerically controlled machines for which orders have been increasing.

In many overseas markets, particularly Australia and South Africa, trading conditions remained depressed and in others competition was intense. Nevertheless TI's direct exports from the UK reached £88m, an increase of 16 per cent in value over the first half of 1977.

	Six months 1978 £m	*1977 £m
External sales	445.4	398.6
Trading profit	33.8	[illegible]
Depreciation	6.1	7.3
Trading profit	27.7	[illegible]
Associates profits	3.3	4.1
Proportion BA group	6.3	6.9
Interest, etc.	[illegible]	[illegible]
Loan interest payable	5.3	[illegible]
Profit before tax	31.4	[illegible]
Tax	7.4	5.8
Net profit minorities	1.3	1.4
Earnings	[illegible]	[illegible]
Extraordinary debits†	1.5	1.4
Profit balance	10.3	19.2
Dividends	6.4	[illegible]

Restated. † Losses less profits on disposal of subsidiaries and losses on redemption of Swiss franc loan.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Albright and Wilson, Corah, Erode, Lex Service, Needlers, Rea Brothers, Royal Dutch Petroleum, Royal Insurance, Shell Transport and Trading, Transport Development, Woodhouse and Rixson.

Finals—Associated Tooling, Cooper Industries, Danks Gowerton, First Scottish American Trust, A. and J. Gelfer, William Jacks, Norton and Wright.

FUTURE DATES

Interims—	
Brocks	Aug. [illegible]
Bulton-Forshaw	Sept. 14
Friedland Doggart	Sept. 7
House of Fraser	Aug. 24
Lec Refrigeration	Aug. 24
Ocean Transport and Trading	Aug. [illegible]
Petrocon	Sept. 13
Pittard	Sept. 4
Finals—	
Hunt and Moscrop (Middleton)	Sept. 27
Jentique	Sept. 19

British Aluminium on way back to growth path as demand rises

SOME RECOVERY in *world* demand for aluminium has helped British Aluminium pull out of the dip in performance seen in the second half of last year. For the six months to June 30, 1978, this subsidiary of Tube Investments reports taxable earnings down £1.28m at £12.63m on turnover lower at £100.7m, against £108m.

Despite the slowdown in the closing six months to £10.18m the group finished 1977 with total profit up from a high of £13.1m to a record of £24.39m. The directors now say that the improvement in demand for aluminium is likely to continue into the second half of 1978. This recovery has been most evident in the U.S. which accounts for over 40 per cent of world primary aluminium consumption. Although demand in Western Europe has been slower to improve it has been influenced by the strength of the U.S. market.

UK consumption of semi-fabricated aluminium in the half year *rose 14 per cent from* the depressed level of the second half of 1977 but was still 10 per cent below the level recorded in the first half of last year. These fluctuations are greatly influenced by stock changes, and it is estimated that there has been little change in final consumption since the beginning of 1977.

The group's sales of semis have moved in line with the UK pattern but its sales of primary aluminium fell substantially in the first half this time.

The financial position of the company was strengthened in the half-year by a positive cash flow and interest payments were cut *from £2.83m to £1.24m*.

The net interim dividend is stepped up to 20p (15p)—last year's final was 20p.

Primary aluminium production at Invergordon was severely interrupted during the six months following a fire in the fume treatment plant and a severe blizzard which disrupted power supplies. As a result one line of the smelter had to be shut down completely, leaving production at slightly less than half capacity. *Output is currently at 90 per cent* of capacity.

The company has carried out extensive investigations at the West Highland smelters with the aim of reducing the evolution of fume in the cell rooms. A project team is being set up to carry out a definitive design study for the possible reconstruction and conversion to prebake operation of the Lochaber smelter. Preliminary estimates indicate that such a reconstruction would cost in excess of £20m, the directors say.

	Half-year 1978 £000	1977 £000
Turnover	100,703	107,971
Trading profit	13,944	16,336
Shares assocs. loss	78	*404
Interest	1,240	2,834
Pre-tax profit	12,626	13,906
Tax†	1,189	1,031
Net profit	11,437	12,833
To minorities	9	115
Attributable	11,428	12,749
Dividends	2,224	1,673

* Profit. † Adjusted to reflect change to ED19 for deferred tax.

London & Lomond

FIRST-HALF AVAILABLE revenue emerged higher at £284,718 against £226,605 at London and Lomond Investment Trust after *tax of £155,702 compared with* £136,692. Gross revenue was ahead from £532,160 to £624,110. Earnings are shown as 1.51p (1.2p) per 25p share and the net asset value is given as 106p (95p at December 31, 1977). As already announced the interim dividend is increased from 0.7p to 1p net—last year's final was 1.7p from revenue, after tax, of £485,000.

Bremar Holdings £0.78m

AFTER AN exceptional debit for the March 31, 1978, year of £599,462 against a £362,664 credit last time, pre-tax profits of Bremar Holdings, unquoted banking and financial group, were down from £1,198,616 to £779,516 for the period.

The directors state that the company was adversely affected by exchange rate fluctuations, in particular through its subsidiaries in Switzerland.

They add that activity in domestic banking, insurance and corporate financial services increased substantially during the year.

	1977-78 £	*1976-77 £
Operating profit	1,378,978	835,952
Exceptional debit	599,462	†362,664
Profit before tax	779,516	1,198,616
Tax	310,611	178,149
Net profit	468,905	1,020,467
To minority	4,957	‡362
Retained	463,948	1,021,829

* Restated. † Credit. ‡ From.

ASSOCIATE DEAL

Rowe and Pitman, Hurst-Brown sold for a discretionary investment client 10,000 T. Tilling at 135½p.

SEET improves by near 50% to finish at record £1.29m

WITH CONTINUED progress in the second half, taxable profit of Scottish, English and European Textiles for the year to April 30, 1978, leapt 49.5 per cent from £862,322 to a *record £1.29m. Sales*, excluding Wemyss Textiles—which was sold at the end of the previous 12 months—were ahead 27.9 per cent to £10.16m and the export content reached 52.9 per cent of the total.

In January the directors had reported that the first half surplus was in line with budget at £561,000 *(£325,000)*. They now state that management accounts for the first quarter of the current year show an *improvement* on the same period last time and if this trend is maintained satisfactory results should again be achieved.

The higher effective rate of corporation tax charge is due to provision for deferred tax in respect of the proportion of stock appreciation relief that is considered unlikely to be maintained in the forseeable future.

A net final dividend of 1.1718p lifts the total to 1.8318p (1.64p).

Net grgoup borrowings at year-end were £794,242 (£960,473) and net tangible assets, at £2.95m (£2.23m), were equivalent to 73.45p (55.54p) per share.

The disposal of Wemyss had no material effect on the pre-tax profit for 1976-77 as the group only received the proceeds from the disposal at the end of the financial year and, though Wemyss' first half results were included in that period's figures, the full year's saving of interest on the proceeds would have been about the same figure, the directors comment.

● comment

SEET's has a number of positive things going for it at the moment. The textile industry has seen a *steady swing away from syn*thetic to natural fibres and tartan and Harris Tweeds have been very fashionable in the past year. This on top of the rationalisation and re-equipment benefits has left full-year margins nearly two points higher at 12.7 per cent with *profits showing a 50 per cent* jump. With home demand still fairly flat most of the growth has been achieved by a big push in overseas markets: exports jumped from 45 per cent to 53 per cent of group sales, in spite of a stronger pound. Most of the running was made by the Mackenzie subsidiary *(nearly 50 per cent of trading profits)* where exports increased from 69 per cent to 83 per cent *of sales*. In the current year an improvement in the home market as a result of higher consumer spending should offset any possible setback in North America (a third of group sales) as a result of the weak dollar. At 66p the shares yield a moderate 4.2 per cent (covered more than nine times) and this could check the share price. The textile sector average is 7.5 per cent.

Late pick-up by Melody Mills

A RECOVERY in the second half at Melody Mills, left pre-tax profits for the full March 31, 1978, year ahead, as forecast, at £519,250 against £514,089 last time. Turnover rose from £6.67m to £7.97m for the year.

At the interim stage directors reported a downturn from £251,000 to £172,000 but said that *profit for the full year should* exceed that for 1976-77.

They now say that extremely difficult trading conditions in the wallpaper industry continued through the second half and final results were not as good as they might have expected.

However, the company has made excellent progress in the current year, they add, and results for the first four months, they say, are much more satisfactory.

Net profit came out lower at £236,471 against £249,487 after tax £282,779 (£264,602) leaving earnings down at 13.6p (14.3p) per 25p share. The dividend is stepped up to 3.243p (2.904p) net.

Ewart falls to £6,873

Despite a second-half profit of £8,847 against £2,207 pre-tax profit of Ewart New Northern for the full April 30, 1978, year fell from £17,608 to £6,873.

At the interim stage the directors reported a loss of £1,614 compared with a profit of £15,401 and said that during the second half, heavier repair charges and increased wages were expected to lead to a further trading loss.

Net profit, for the full period, came out at £3,580 (£14,785) after tax of £3,293 against £2,823 giving earnings of 0.5p (2.28p) per £1 share. The dividend payout is less at 1p (1.5p) net.

Ewart is a commercial and industrial property developer.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
A. J. Worthington		0.48	Oct. 5	0.43	0.79	0.7
Arcolectric	int.	0.18	Oct. 9	0.18	—	0.41
Britannic Assurance	int.	4.36§	Oct. 2	3	—	9.18
British Aluminium	int.	20	Oct. 6	15	—	35
Dreamland	int.	0.45	Oct. 6	0.4*	—	1.27*
Ewart New Northern		1	—	1.5	1	1.5
Garford-Lilley		0.63	Oct. 11	0.54	0.8	0.73
Melody Mills		3.24	Oct. 6	2.9	3.24	2.9
Moorside Tst.	int.	1.5	Sept. 8	1.25	—	4.75
Olives Paper	int.	1.2	Oct. 1	1	—	2.25
Regional Prop.		0.6	—	0.65	1.1	0.65
SEET		1.17	Oct. 9	1.04	1.83	1.64
A. G. Stanley	int.	2	—	1.67*	—	3.88*
Tube Inv.		10.98	Oct. 20	9.83	—	21.12†
J. Webb		0.41	Oct. 2	0.35*	0.54	0.48*
F. W. Woolworth	int.	1.22	Oct. 6	1.22	—	4.17

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Supplementary final o 0.168 raises total from 20.953p. § To reduce disparity.

هكاذا صول

ASDA BID FOR WADES

New face for Asda shopping centres

BY ANDREW TAYLOR

ASSOCIATED DAIRIES yesterday launched a £5.6m bid for furnishing retailers, Wades Departmental Stores, in a move which left some City analysts questioning the logic behind the deal.

That Asda should decide to use some of its healthy cash balance to go on the takeover trail will surprise nobody in the City. Its choice of takeover target, however, has left many close observers of the group slightly puzzled.

The group, as its name suggests, began life as a dairy business but its rapid growth over the last 10 years follows the development of the Asda superstore chain, mostly based in the North, which now generates 85 per cent of group sales and pre-tax profits. Last year, profits totalled £24m compared with just £1.1m in 1968.

The concentration has been on food products supported by a range of general household goods —non-food products now account for a quarter of all store sales—but to date Asda has shunned the cyclical furniture retailing business.

However, Mr. Noel Stockdale, chairman of the group, denies that the Wade deal marks a major shift in Asda policy. "We will not be selling furniture in our stores and Wades will continue to operate as a separate entity," he said.

The bid looks assured of success. Asda has already acquired a 35 per cent interest in Wades ordinary shares and 33.1 per cent interest in the Non-Voting A ordinary shares.

The stakes were acquired from the family holdings of Wades' president, Mr. H. Winstone, and Asda will now offer to buy the remaining shares on identical terms.

It is bidding 102½p cash for the ordinary shares and 98p for the non-voting shares, and in addition will offer a partial share alternative. The total cash outlay is likely to be in the region of £5.6m which compares with group cash and short-term investments of around £18m at April 30, 1977.

Asda has been concerned to find a home for this cash and, with the current attitude of local authorities towards superstore development acting as a brake on organic expansion, acquisition has been the only real alternative.

Over the last two years Asda—largely as a result of local authority opposition to isolated superstore development on out-of-town sites—has concentrated on developing new-style district centre shopping complexes.

District centres, composed of a superstore as the nucleus with satelite smaller shops, leisure centres, car parking facilities and other social amentities, have proved acceptable to local authority planners.

The first Asda district centre built in conjunction with a local authority opened in Aberdeen in May 1976. Since then the group has been involved with the construction of a further eleven centres and another 12 are in the pipeline, according to Mr. Stockdale.

In all its district centre developments Asda has been required to take the financial responsibility for finding the retailers to lease the satelite shops. Too date most of these shops have been small and there has been no difficulty in finding customers.

More recently, however, local authorities have been demanding at least one other large selling area apart from the superstore nucleus. Mr. Stockdale said: "We can foresee that we could have some difficulty in finding someone to lease selling areas of around 20,000 sq. ft. We never take on developments unless we are guaranteed of filling the site but—providing it is commercially viable—we can overcome this difficulty by working in conjunction with Wades.

He sees the acquisition of Wades as an important part of Asda's district centre strategy. In the current year the group is spending around £30m on seven new major developments. Six of these are to be district centres and of these two are to contain major retailing facilities for Wades.

The current takeover offer—which is to be recommended by the Wade board—follows an approach to Asda from the furnishing retailers seeking partnership opportunities for future district centres.

Wades will now have access to Asda's financial muscle and retailing expertise—albeit in a different sector. In addition Wades 50-odd outlets, also spread mainly in the North, should benefit further from Asda's increasing inroads into other regions, notably the South of England.

Mr. Stockdale said yesterday that Wades had a good track record in a difficult industry and was content to accept that profits were bound to be cyclical.

"We feel that with Asda's muscle behind Wades we can get that much more out of the business. If we had just accepted some kind of partnership on district centre developments then I think it would have been fair to say that all the benefits would have been for Wades and nothing for us," he said.

The City has yet to be convinced. Yesterday Asda shares slipped 5p to 245p while the price of Wades ordinary shares rose 38p to 101p and the non-voting shares 29p to 99p.

Wades' pre-tax profit figures which are expected in a week or so may help Asda's case. Retail spending has risen by around 5 per cent in volume this year and Wade's pre-tax profits for the year ending April 30, 1978, are expected to be much better than the depressed £870,000 of a year ago. One analyst suggested that the company could breach the £1m mark for the first time.

The general consensus is that on Wades' prospective earnings and net assets the price is fair. Meanwhile Asda's full-year figures are also imminent.

Woolworth makes up lost ground to move ahead £1.7m at half way

THE £1M shortfall in trading profit experienced by F. W. Woolworth in the first quarter of 1978 has been made up, and for the six months ended July 31 the cumulative figure shows a small improvement from £17.28m to £17.38m.

The profit before tax for the six months is £1.06m ahead to £12.58m, after being a little behind at £5.53m in the first quarter.

Turnover in the second quarter rose by 14.7 per cent over the corresponding period last year.

The interim dividend is held at 1.225p net per 25p share; total for the year ended January 31, 1978, was 4.173p paid from a pre-tax profit of £46.5m.

	Half year 6 months ended 31 July 1978 £000s	31 July 1977 £000s
Turnover	590,115	540,554
Deduct VAT	21,808	18,419
Trading profit	17,576	17,276
Depreciation	4,108	2,942
Interest paid	1,882	3,833
Investment, rent inc.	543	502
Property disposals	*757	69
Profit before tax	12,585	10,925
Tax	6,992	6,070
Net profit	5,593	4,855
Foreign currency debits	220	579
Profit for period	5,373	4,276

* Surplus on property disposals excluding sales and leasebacks.

See Lex

Expansion by NEI Africa at six months

Northern Engineering Investments Africa, which was formed out of the merger of the local subsidiaries of International Combustion and Clarke Chapman Africa, reports a share improvement in pre-tax profits for the six months to June 30, 1978, from R1.5m to R2.3m on turnover up R4.4m to R31m.

The directors forecast that operating income in the second half should be at least at the level of the first half. The interim dividend is lifted to 10c (5.3c). A total of 28c has been predicted for the full year.

RTD expects profit fall at halftime

Owing to various adverse factors, the present half-year at RTD Group will show some degree of profit contraction, Mr. Dermot Ryan, the chairman, says in his annual statement.

As reported on July 26, pre-tax profits improved from £301,179 to £326,637, on sales of £6.88m (£5.05m) for the year to February 28, 1978.

In line with its policy of specialising in generators and metal finishing agreement was reached for the sale of the group's tyre distribution company, Robin Rennicks. The proceeds will be used to reduce borrowings and to fund expansion of working capital.

Mr. Ryan states that advantages from the sale are a reduction in the debt equity ratio, giving a more attractive financial profile for investment and a saving in interest.

The company is now more secure with the planned improvement of its debt equity ratio, but this gain must involve some loss of profit. In the long term, the increase in specialisation will contribute to the growth in profits, he adds.

Despite the group's success in achieving a considerable sales growth, profit improvement has been slower mainly because the major part of sales increase took place in the lower margin companies, the chairman explains.

Also severe pressure on margins was experienced in the manufacturing activity of its electroplating motor accessories field, when low cost Asian competition duplicated the group's product at a 25 per cent lower price.

In an effort to regain lost profit transport arrangements have been re-organised and distributors have co-operated in new methods, Mr. Ryan says.

The group's generator plant is benefiting from the extension opened during the year and good progress has been made in developing Western hemisphere OPEC markets for generating sets.

Though problems were anticipated and early steps were taken to minimise the effect, the contraction of its UK motor-cycle parts business continues due to the collapse of the UK motor-cycle industry.

Along with this, the group's need for working capital, particularly to provide for seasonal expansion, will require that the sale of Motor Cycle Equipment (Birmingham) as foreshadowed in October, 1977, be kept under consideration, the chairman adds.

At July 8, 1978, Jefferson Smurfit Group held 16 per cent of the equity.

Meeting, Dublin, August 31, 3 p.m.

Arcolectric first-half upsurge

RE-TAX profits of Arcolectric Holdings) more than doubled rom £117,302 to £258,901 for the alf year to April 30, 1978.

The directors state that sales e up by 39 per cent on the rresponding period and profit argins are now higher. They ld, however, that the outlook is ot as bright as it was a few onths ago. Demand is weak, ey say, and competition may rce the company to again accept wer margins.

The interim dividend is maintned at 0.18425p net per 5p hare—last years final payment as 0.222p for record profits of 25,000.

First half tax took £136,930 48,027) leaving a net profit of 49,971 compared with £89,275.

The company carries on business in electric switches and neon nal lamps.

Dunlop SA boosted by motor pick-up

Reflecting the improved conditns in the motor business, prex profits of Dunlop South Africa, bsidiary of Dunlop Holdings, se from R3.4m to R4.8m for the st half of 1978 on turnover ved from R43.3m to R49.5m.

Net attributable profits were ead at R3m, against R2.2m last ne, for earnings per share of 30 nts (15 cents). The interim vidend is stepped up from 6 nts to 9 cents, and although the rectors suggest that the increase cludes an element of parity th the final, they say the outok seems set fair for a rise in st year's total of 17 cents.

Though passenger car sales rose per cent in the first half, the rectors say the market for other oup products, notably conveyor lt and flooring product sales, clined. Launch of a new radial-ply car tyre helped the improved performance, they add.

During the six months, Dunlop acquired the 40 per cent stake not already owned in Dunlopillo for R 0.16m. The directors expect some decline in the rate of growth in consumer durables, but the second half of the year is expected to be better than in 1977.

Growth slows at Garford Lilley

A STATIC second six months left pre-tax profits of Garford-Lilley Industries at £406,583 for the year ended March 31, 1978, compared with £365,721 last time. Turnover advanced from £3.46m to £4.24m.

In February, when reporting higher midway profits of £174,794 (£134,630), the directors warned that trading conditions were proving more difficult in the second half and therefore, the full year's results were not expected to show an increase proportionate to the interim figures.

After tax of £215,981 (£194,024) and a £13,293 extraordinary credit this time, attributable profit for the year rose from £171,697 to £203,895.

Earnings per 5p share are 2.89p (2.6p) and a final dividend of 0.625p lifts the total payout from 0.715p to 0.8p net.

The group's business involves general engineering, the manufacture of plastic extrusions and mouldings and woodworking.

Savings Bonds conversion

The Treasury announces that a conversion offer will be made to holders of 8½ per cent British Savings Bonds (First Conversion Issue) issued on July 15 and December 15, 1973. These bonds will mature on 15 December, 1978 and are repayable on application at £103 per cent upon maturity.

Holders will be invited to exchange their holdings on December 15, 1978 into 8½ per cent British Savings Bonds (Fourth Conversion Issue) which will be repayable on application at £104 per cent on maturity. Holders who decide not to accept the conversion offer should apply for repayment. No interest will be payable on the bonds after December 15, 1978 and they can only be repaid upon application by the holder.

Halifax assets pass £7bn mark

Assets of Halifax Building Society at the July 31, 1978 half year were up £492m to £7.001m—the highest-ever level for any building society. During the first six months the society lent £804.8m, of which £757m was advanced on 78,500 new mortgages and £47.8m on 33,250 loans to existing borrowers for home improvements.

Receipts from investing shareholders and depositors, including £132.99m interest credited to accounts and not withdrawn, amounted to £1.69bn. Withdrawals were £1.13bn and the resultant net investment inflow was £474.94m.

RATNERS

THE directors of Ratners (Jewellers) say that due to continuing dividend restraint, they are not able to recommend a final dividend, so the second interim of 0.19914p net per 10p share becomes a final, making a total of 0.42669p, the maximum allowed on increased capital.

BIDS AND DEALS

Unilever raising $340m towards purchase cost

BY CHARLES BATCHELOR

AMSTERDAM, August 16.

To finance part of the $490m takeover of National Starch and Chemicals Corporation, Unilever is raising $340m in the form of a multi-currency credit. It may choose the currency mix of the loan.

Unilever will finance the remaining $150m from liquid funds. The credit is for three years and is meant as a bridging facility pending the arrangement of longer term financing on the capital market.

The loan has been priced above LIBOR but Amsterdam-Rotterdam Bank, which is heading the consortium, has declined to disclose the margin or the fee.

The other consortium members are Citicorp International Group, Cie Financiere de la Deutsche Bank, Morgan Guaranty Trust Company, and Swiss Bank Corporation.

PMA ACQUIRES L. BLACKWELL

PMA Holdings, the furniture group, has acquired for £65,000 cash the whole of the issued capital of the reproduction furniture makers Leslie Blackwell.

The unaudited accounts of Leslie Blackwell for the nine months to June 30, 1978, disclose a profit before taxation and directors' emoluments of £20,000 and net assets at that date of £43,000.

PMA Holdings intend the acquisition to strengthen its export activities as well as broadening the spectrum of its existing reproduction furniture range manufactured by its subsidiary G. and F. Furniture Products.

MOORSIDE PULLS OUT OF MERGER

The proposed merger between the Moorside Trust and London and St. Lawrence Investment Company has been abandoned. The board of Moorside, still plagued by uncertainty about the outcome of its long-running altercation with the Inland Revenue, has decided after 10 months of off and on negotiations, to call the whole thing off. In fact the Special Commissioners have ruled in favour of the company in their dispute—which arose from the change in the company's status from a financial trust to an investment company in 1975, but since there is no certainty over whether or not the Inland Revenue will appeal, and if so, when, the directors of Moorside have decided it is impossible to push on with the merger talks.

Moorside's gross revenue in the half year to end-June amounted to £425,000, as against £440,000, and earnings per share were down from 2.15p to 1.89p. However, the decline is attributed simply to the incidence of dividend payments, and the company's own interim dividend has been raised from 1.25p to 1.5p per share.

Mardon expands further in U.S.

Mardon Packaging International, the packaging business jointly owned by Imperial Group and BAT Industries, has agreed in principle to buy Boyerton Packaging Service Corporation for $8m.

Boyerton manufactures flexible packaging materials, serving the disposable paper products and snack food markets in the North East of the U.S.

Mr. John Cornish, chairman and managing director of Mardon, said yesterday that Boyerton would be an expansion of the company's existing bridgehead in the U.S.

Mardon had established a leading position in the UK flexible packaging market, he said, and was now looking to the vast American market for its further development. It would be able to contribute some technical inputs to Boyerton and would receive a good base in the North Eastern states.

In 1976 Mardon bought Arnold Cellophane which is also a flexible packaging company in the U.S.

ICFC BACKING FOR HARGREAVE (PRODUCTS)

Industrial and Commercial Finance Corporation is providing £424,000 to J. M. Hargreave (Products) comprising a loan of £200,000 and the purchase of all preferred ordinary shares in the company not already owned by ICFC.

Part of the share purchase is in the form of ICFC loan stock and this is the first time that loan stock has been provided to an ICFC customer in this way.

In addition to cash, the vendors of 417,900 preference shares in Hargreave will receive £26,000 10½ per cent ICFC unsecured loan stock 1986 and £76,000 11¾ per cent ICFC unsecured loan stock 1990. ICFC was already holder of 4.26 per cent of the ordinary shares and this brings the total holding to 25.03 per cent.

The finance will enable shareholders to realise part of their investment and the restructuring of the group. The subsidiary Westair Dynamics, specialist in air control and dehumidifying technology and engineer, J. M. Hargreave and Co. are brought under the common ownership of J. M. Targreave (Products) and renamed Westair-Hargreave.

TILLING/FLUIDRIVE

The chairman of Thomas Tilling has written to holders of Fluidrive Engineering urging them to accept the bid from Tilling rather than that from Associated Engineering. He points out that the offer closes on August 22.

HAMILBORNE

In a letter to shareholders of Hamilborne concerning the sale of the company's holding of 1,186,615 shares (29.67 per cent) in Yorkshire and Lancashire Investment Trust, Mr. Graham Ferguson Lacey, chairman, states that the Board is currently investigating some possible acquisitions.

HALL UK

The Department of Trade has given the consents required in connection with the acquisition of Leslie and Godwin by Hall U.K. The offer is now unconditional.

NO PROBE

The proposed acquisition by the national enterprise board of a substantial minority shareholding in Negretti and Zambra is not to be referred to the Monopolies and Mergers Commission.

£6.4m bid for American Assoc.

Sir Ian Lowson and connected overseas trusts have agreed to sell 68,000 acres in Tennassee and Kentucky plus mineral and lumber rights to their United States neighbours, J. M. Huber Corp.

The land and rights are the sole assets of American Association which, since the early 1960s has been controlled by Lowson family interests. Yesterday AA's Board announced it would recommend acceptance of Huber's $6.35 a share cash offer (approximately 330p) and added that Sir Ian, two other directors, certain overseas trusts and Mr. M. C. C. Armitage (who controls 83 per cent of shares) had given irrevocable undertakings to accept the bid. The offer, worth £6.4m, has been examined by County Bank which considers it fair and reasonable.

Huber, a large American public company already involved in the exploitation of forestal lands and in the mineral rights industry, was one of a number of companies that looked closely at acquiring AA.

AA's income arises entirely in the U.S. and in recent years the company has faced increasing problems from strikes, deteriorating transport facilities, rising expenses in timber operations and very poor weather.

It was subject of controversy surrounding land taxes in 1974 and came under attack for alleged environmental destruction and mistreatment of tennants. The allegations were strongly denied by the company.

UK residents will be obliged to offer the dollar proceeds of the sale to an authorised dealer in exchange for sterling at the official rate. The Lowson connected overseas trusts will be free to do what they like with their dollars.

The offer is subject to UK Treasury consents necessary for the acquisition and the transfer of residence back to the U.S.

SHARE STAKES

Vantona Group: Because of the increase in ordinary share capital caused by the conversion primarily of the 14 per cent convertible unsecured loan stock 1990, the percentage of substantial interest has been correspondingly reduced; D. Alliance, a director, holds 2,734,543 (14.6 per cent) ordinary shares; J. L. Menaged, director, holds 1,706,140 (9.1 per cent) ordinary; N. Brown Investments holds 935,000 ordinary. This interest is also included in that of Mr. D. Alliance.

Throgmorton Trust: — Mr. Franklin, director, has sold 100,000 Ordinary shares from a non-beneficial holding.

Belhaven Brewery: — Following shareholders consent to, and approval of proposed amendments to the share incentive scheme for executives the company has called up and placed all shares issued to executives with a view to cancelling the share incentive scheme. As a result the following transaction has taken place involving the shareholding in incentive scheme shares of directors; Mr. E. Sturgeon has disposed of his 7,500 incentive scheme shares under the arrangement; Mr. G. R. James disposed of his 32,357 incentive scheme shares; Mr. G. A. S. Currie disposed of his 32,357 incentive scheme shares under the arrangement, together with a further 36,143 Ordinary shares. Mr. Currie and an associate acquired a beneficial interest in an additional 68,500 Ordinary shares. Mr. Currie thus retainBs a beneficial interest in a total of 500,000 Ordinary shares.

Black and Edgington: Mr. D. W. Wilkinson, director, increased his beneficial interest by 194,320 ordinary shares following completion of acquisition of Line Caravans.

Toye and Company: J. B. Hayward and Son (medal specialists) has increased its holding and is now beneficial holder of a total of 230,500 ordinary (10.25 per cent). Mr. John Hayward said the holding was an investment.

Chambers and Fargus: Barclays nominees (Gracechurch) holds 224,000 shares.

Aaronson Brothers: Witan Investment Company has sold 20,000 ordinary shares and is now interested in 1,035,186 (5.27 per cent) ordinary in its own name and 24,000 (0.12 per cent) ordinary in the name of Greenfriar Investment Company. Witan own more than one third of the share capital of Greenfriar.

Shaddesley Investments — Directors holdings are as follows: G. A. Wilson 60,510 shares beneficial and 31,000 as trustee, 25p ordinary shares and 1,400,431 beneficial 10p ordinary; S. A. Lipton 187,046 beneficial 25p ordinary and 1,400,431 beneficial 10p ordinary; N. Fetterman 850,000 beneficial and 14,500 as trustee 25p ordinary shares and 85,768 beneficial 10p ordinary shares; R. R. Spinney, 1,791 beneficial 25p ordinary shares and 447,802 beneficial 10p ordinary shares; S. J. Cockerell 15,000 beneficial 25p ordinary shares and 85,768 beneficial 10p ordinary shares. Also MS Registrars hold total of 1,247,047 25p ordinary shares. These shares are held as nominee for Mr. S. Lipton, Mr. G. Wilso nand others and this total includes the 25p ordinary shares listed above.

Braby Leslie—Mr. G. M. Leslie has sold 40,000 ordinary shares leaving a holding of 21,584 in the name of Mr. G. M. Leslie and his family.

Brown and Tawse—Mr. D. K. Rae been allotted 8,000 shares under the share option scheme. C. Walker and Sons have sold 75,000 ordinary shares. Following this sale Mr. J. Walker is interested in 986,000 shares (9.75 per cent.) of which 826,000 (8.17 per cent) are beneficially owned by C. Walker and Sons.

Automotive Products — The Emmott Foundation has purchased further 10,600 ordinary shares. Three directors of the Foundation are Messrs. J. B Emmott, M. Keeble and E. G. Barratt, who are also directors of the company.

Ratners (Jewellers)—Mr. L. M. Ratner, director, has disposed of 100,000 ordinary shares.

Negretti and Zambra—Pension Funds Securities has reduced holding by 17,500 ordinary shares to 100,000 (4.45 per cent).

L & G pension funds climb towards £900m

THE PHENOMENAL growth of funds managed by Legal and General Assurance (Pensions Management) has continued this year with the value of these funds advancing by £143m during the first six months. This brings the total value of funds under management to £893m in the eight years since inception.

The company, a member of Legal and General Assurance, offers pension funds investment management through the medium of four pooled funds operating on the unitised principle.

Some of this growth came from the rising amount of new money being invested by client funds which now number 389. This reflects the stimulus provided by the new State pension scheme which came into operation on April 6, 1978. Clients are investing new money at an annual rate of £121m.

On the performance of the individual funds, the interim report shows that the largest fund still remains the Mixed Fund, which investments in equities and fixed interest securities. This fund increased in value over the period by £65m to £463m, with its unit offer price jumping by 3.1 per cent. The managers reduced the equity proportion of the portfolio from 54.8 per cent to 51.7 per cent by investing the bulk of the new money, totalling £33m, in longer dated gilts to take advantage of the attractive yields. This brought the fixed interest portion of the portfolio up ot 38.2 per cent from 35.3 per cent. The managers however invested £7m in UK equities of which £2½m went on taking up rights issues. The fund also enhanced its investment in the U.S. equity market putting in US$20m financed by a dollar loan.

The property fund showed the greatest growth over the period, forging ahead by £75m to £355m, with the unit price increasing by 10.1 per cent. The fund has been active during the period purchasing some £28m worth of established property. In addition, the fund has returned to the development field with projects started including town centre redevelopments at Eastbourne and Warrington.

Of the remaining fund, which are not so popular with schemes, the fixed-interest fund rose by nearly £3m to £40.4m, despite a fall of 1.5 per cent in unit price. The ordinary share fund increased by £5m to £32.1m, aided by a unit price rise of 3 per cent.

MINING NEWS

Canadian strike cost IOC $34m

BY KENNETH MARSTON, MINING EDITOR

THE STRIKE which hit Canadas main iron ore-producing centre, the Quebec-Labrador trough 800 miles north-east of Montreal, from early-March to mid-July resulted in a second-quarter loss of US$34.4m (£17.4m) for Iron Ore Company of Canada, reports John Soganich in his latest Canadian news round-up.

The loss brings the half-year deficit to IOC to $35.5m. Hanna Mining, the leading shareholding in IOC, has commented that: "The new three-year contract at IOC provides for wage and benefit cost increases that will be difficult to recover."

Cyprus Anvil Mining of Vancouver, best known for its big open-cast lead-zinc mine at Faro in the Yukon, is trying to establish itself in the coal business. It has two projects under way in this field, both in British Columbia.

Drilling has started on its Tualameen thermal coal project near Princeton to test for additions to proven open-cast reserves "that are the subject of a feasibility study." Preliminary exploration—to include drilling—is under way in the Telkwad coal basin near Smithers.

Granisle Copper, a subsidiary of Granby Mining, which in turn is a subsidiary of Houston's Zapata Corporation, continues to lose money from its big-tonnage, low-grade open-cast copper mine in central British Columbia. Lower copper prices and reduced production have produced a loss for the nine months to June 30 of C$749,000 compared with a profit of C$104,000 in th same period of 1976-77.

Western Mines the Vancouver Island copper-zinc-lead-gold-silver producer controlled by Brascan has reported a 10 per cent rise in first-half cash flow to C$1.37m compared with C$1.25m a year ago.

OIL AND GAS NEWS

NZ Petroleum in a political dilemma

New Zealand Petroleum has been unable to find partners to finance further offshore oil exploration programmes because of the New Zealand Government's attitude towards international oil companies, writes Dai Hayward from Wellington.

Mr. C. C. Shepherd, chairman of New Zealand Petroleum says that continued uncertainty over the New Zealand Government's oil exploration policy has frightened off possible financial partners and that New Zealand Petroleum has been forced to operate at a low level of activity.

Until details of oil taxation and incentives have been finalised "we are unable to communicate with our prospective overseas partners," says Mr. Shepherd.

* * *

As more information becomes available on the farm-in deal by Imperial Oil into ...Noranda's Hunter Exploration, it now appears that it is the largest agreement of its kind in the history of the Canadian oil and gas industry.

Imperial could be in for expenditures of C$150m to C$175m to earn interests of 12.5 per cent to 17.5 per cent in Hunter's 2m acre tract in western Canada.

This means renewed impetus on the Elmworth gas play in north-west Alberta where Hunter is the major participant.

* * *

Delhi International Oil says that it has an indicated gas discovery on its petroleum holdings in Queensland, Australia.

The exploratory well, Wackett No. 1 in which the company holds a 20 per cent working interest flowed gas at the rate 2.2m cu ft per day on an open hole drill stem test of the interval from 5,458 feet to 5,538 feet from a lower jurassic sandstone.

The well is about 112 miles north-east of the Moomba Plant and 60 miles south of Wolgolla, the nearest natural gas field.

This is the first significant gas flow encountered from sandstones of lower jurassic age in the copper basin of south-west Queensland and north-eastern South Australia. The company plans to drill ahead and test any additional shows encountered.

* * *

Essox Exploration and Production Australia and Western Mining announce that the Batavia-1 well in the offshore Abrolhos basin, Western Australia Permit WA-59-P was spudded on August 13 and is now drilling ahead at 313 metres.

Dreamland turnround—sees record for year

The directors of Dreamland Electrical Appliances report a pre-tax profit of £254,300 for the half year of 1978 compared with a loss of £21,400 last time.

Although the improvement in profitability reflects to some extent an earlier than normal trade demand, they consider that profits for the full year should well exceed the record £704,000 for 1977.

Net profit is shown as £174,000 (£21,400 loss), after tax of £80,300 (nil). The interim dividend is effectively increased from 0.4p to 0.45p net per 10p share—last year's final was an adjusted 0.8705p.

The directors report an improved order position for the group's range of pre-heating electric underblankets and automatic all-night overblankets, reflecting continued confidence within the trade.

This has resulted, they say, from the group's response to the change in trading pattern, an increase in sales or electric blankets over other small domestic appliances during the winter season, and growing acceptance by both trade and consumer of the electric blanket as an all-year-round product.

Olives Paper nearly doubled midway

Recovery continues at Olives Paper Mill and for the half year ended June 24, 1978 a profit of £148,923 has been achieved. This the directors describe as encouraging.

The profit compares with half of 1977 and with £107,000 attained in the whole of that year. The year 1974 was the company's peak, when it turned in £370,000.

Turnover in the first half of 1978 rose from £2.34m to £2.49m, and net profit was £70,923 (£38,301) after tax £78,000 (£43,000.) Earnings are shown at 4.43p (2.39p) per 20p share, and the interim dividend is lifted from 1p to 1.2p. Last years total was 2.25p and for the current term the directors are confident they will be able to pay the maximum permitted by current guidelines.

The directors expect the gradual improvement in the level of demand to be maintained. They are pursuing their capital expenditure programme which will amount to approximately £200,000 in the full year.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

SCM wins further $25m from Xerox

By David Lascelles

NEW YORK, August 16.

IN WHAT could be the concluding verdict in the marathon SCM-Xerox anti-trust case in Conecticut, a Federal Jury today awarded SCM a further $25.6m in damages for profits lost as a result of Xerox business practices. The sum, which can be tripled under Federal anti-trust law, follows the award last week of $11.7m in damages for Xerox's domination of the plain paper copier market.

Both these sums are considerably lower than the damages claimed in SCM's suit, which was originally filed in 1973 and relates to events in the 1960s when SCM was trying to obtain a Xerox licence to enter the copier market.

Xerox said after today's verdict that it was confident that the latest award "will never be entered as a vaild judgment."

In spite of today's developments, however, it is still far from clear what the final outcome of the case will be. The judge has yet to rule on the total damages due, and the final result is almost certain to be challenged and pursued in a higher court.

National Airlines moves to block TXIA takeover

BY JOHN WYLES

ACCUSING Texas International Airlines (TXIA) of "building a foreign equity war chest" to acquire its stock, National Airlines hasasked the Civil Aeronautics Board to control any further purchases by the smaller regional airline.

National's latest move comes on the eve of tomorrow's CAB closed Board meeting which will discuss a TXIA request for permission to seek control of National. It also coincides with the announcement by a Dutch Antilles subsidiary of TXIA of a $25m debenture offering in Turope. TXIA plans to use the proceeds to expand its 9.2 per cent shareholding in National.

The Miami-based airlines has started to launch a vigorous defence against the proposed takeover, and is pinning considerable hopes on the CAB either imposing a long delay or rejecting TXIA's application out of hand. In its latest letter to the regulatory agency, it asks that TXIA be expressely forbidden from buying any more National stock without CAB approval. The Texas airline has said that it will not increase its holding before tomorrow's meeting, and will not acquire more than 25 per cent of National without CAB approval.

National said that the need for a CAB order was heightened by TXIA's "recent disclosure of a plan to proceed with building a foreign equity war chest to acquire additional National stock." Referring to TXIA's overseas debenture issue, National pointed out that the Federal Aviation Act forbids non-U.S. citizens from holding *more than 25 per cent. of the* voting stock of a U.S. carrier. It claimed that the "potential degree of foreign voting power created by these debentures may legally disable Texas International from operating as an air carrier and meeting its service obligations to the travelling public."

TXIA made no comment on National's latest move to-day, but the Airline's management is credited for shrewdness, and observers would be surprised if it had no answer to the points made.

The Texas airline believes that the CAB will prove sympathetic to its ambitions and will expedite its application. However, the CAB will be considering among other things a request from its Bureau of Consumer protection for an enforcement proceeding on whether TXIA has breached aviation law by acquiring its existing 9.2 per cent holding in National.

Some industry observers believe that the CAB will take a *negative view of this proposed* merger and one which is still being negotiated between Continental and Western Airlines. A bill providing for substantial deregulation of the industry is expected to pass the Congress early next year, and it is thought the CAB might want to see how airlines fare in a more competitive environment, which will allow a measure of free entry into each other's routes.

Bank of Montreal plans rights issue

By Robert Gibbens

MONTRAEL, August 16

CANADA'S third largest chartered bank, the Bank of Montreal reports sharply higher *earnings for the third quarter* and plans a one-for-seven rights issue.

The third-quarter balance of revenue after taxes but before loss appropriation was C$50.6m, equivalent to C$1.18 a share, against C$31m or 82 cents a share. For the nine months to July 31, earnings were C$133m or C$3.13 a share, against C$88m or C$2.20 share.

The company plans to raise about C$122m through a rights *offering to shareholders of* record August 23. They will be able to take up one new share at $20 for every seven shares now held.

As is usual with bank rights offers, the shares will not be offered to U.S. residents. The rights will be traded on the Canadian stock exchanges and also the London Stock Exchange.

Philips cautious over earnings for full year

BY CHARLES BATCHELOR

AMSTERDAM, August 16.

PHILIPS, THE Dutch-based international electrical group, now expects volume sales to rise this year by more than the 7 per cent forecast earlier, but it is no more optimistic of achieving a substantial improvement in profitability than it was earlier this year. There are still a great many uncertainties, Mr. Joseph Offergelt, managing board member, said at the presentation of the company's second-quarter figures.

Trading profit rose 11 per cent to Fl 545m ($257m) in the second quarter of 1978 as a result of better use of capacity and was 6 per cent lower at Fl 963m in the first half. At the net level, profit rose 31 per cent to Fl 181m in the quarter and 5 per cent to Fl 311m in the first half.

Net profit per Fl 10 nominal ordinary share rose to Fl 0.98 in the second quarter from Fl 0.75 in the same quarter of 1977, while first-half profit per share was Fl 1.68 against Fl 1.62 last time.

Volume sales rose by more than 10 per cent in the first half, although currency parity changes reduced this to 7 per cent expressed in guilders. The improvement in sales is slightly better than Philips expected, the board said.

Sales in the two divisions, home electronics for sound and vision, and domestic appliances and personal car products, rose significantly more than 7 per cent. Colour television sales were boosted by the World Cup, and Philips now hopes to sell 1m more sets than at first expected this year. This increase will be *equally spread* between North America and Europe, and has not been achieved at the expense of sales of black and white sets.

Sales in the industrial supplies and miscellaneous activities sectors were lower than in the same period in 1977. Turnover of the professional products and systems division was favourably influenced by the completion of a number of large telecommunications projects. Philips hopes for follow-up orders from its sizeable Saudi Arabian telephone contract, but can as yet give no further details.

Sales rose most strongly in Latin America and Asia, but were held back, in guilder terms, by currency movements in North America. Sales in Australia and New Zealand were lower than in the first half of 1977. The rise in the value of the yen and its effect on Japanese competitors is *beginning* to show up, but it will take a long time to work through in some sectors.

See Lex

United Brands profits surge

By Our Financial Staff

CONTINUING its first quarter surge in sales and income, United Brands, the world's biggest banana and fruit producer, experienced an even larger boost in the second three months and is paying dividends again after a gap of several years.

Earnings advanced by 52 per cent in the last quarter to $16.8m, or $1.44 a share, after a 30 per cent jump in revenues to $841m. The first half profits increase was 46 per cent to $21.3m —$1.80 a share—with revenues 24 per cent higher at $1.53bn.

United Brands, which last month pleaded guilty to bribe conspiracy charges in the Honduras, actually earned more in the past three months than it did in the whole of the previous year, when it was hit by losses on meat packing and lettuce operations, or in 1976.

The company's return to the dividend fold has decided it to declare dividends equal to all arrears and current quarterly dividends on all three classes of preferred stock and to make payments totalling $8.5m.

United Brands' board has also declared a year-end dividend on common stock of 15 cents. Holders of preferred stock have received no payments since 1974, while common stockholders have been waiting for a dividend since as far back as 1971.

Optimism over Upjohn outlook

CHICAGO, August 16.

INVESTMENT analysts are raising their earnings estimates for Upjohn, the pharmaceuticals group, following a strong second quarter performance.

The company recently reported earnings for the second quarter of $1.25 a share on sales of $347.9m compared with a net of 92 cents a share a year ago on sales of $301.6m.

Mr. Ronald M. Nordmann of Blyth Eastman Dillon, referring to Upjohn's sales increase, said all areas were stronger than initially anticipated. He considered that the company's percentage increase in third quarter earnings per share may be the best of the year because of the rise in the yen against the dollar.

Another favourable factor for the third quarter could be a reduced tax rate. Mr. Nordmann reckons Upjohn may have over-provided for taxes because it used a 34 per cent tax rate in the second quarter compared with a 32½ per cent rate a year ago.

On the tax issue, Mr. D. Larry Smith, analyst at Smith Barney Harris Upham, said in a recent report: "Although we think that operational momentum could slow slightly in the second half, we project that a favourable tax rate comparison could lead to a 40 per cent increase in third quarter earnings per share and that the fourth quarter could be ahead 10 to 15 per cent."

Upjohn's election not to reduce the rate through the second quarter indicates the current tax rate is quite conservative and he would not be surprised to see it lowered at year end.

Upjohn's dividend picture continues to look favourable, according to Dean Witter Reynolds' analyst, Mr. David B. Lippman, even though Upjohn raised its quarterly dividend earlier this year from 30 cents to 33 cents a share. He believes there is a good chance the company may raise the dividend in the fourth share.

Mr. Lippman recently raised his 1978 earnings estimate to $4 a share from $3.70 and is forecasting $4.40 a share for 1979, while Mr. Smith increased his 1978 forecast to $4.05 a share from $3.70 and estimated 1979 earnings at $4.45 a share.

Reuter

RESULTS IN BRIEF

Tax credit boosts Superior Oil income

NEW YORK, August 16

NET OPERATING income of the oil and gas company Superior Oil for the second quarter of the current fiscal year fell from $17m to $11.0m, or from $4.25 a share to $2.96. In the latest quarter, a tax credit of $10m made the final net income $21.9m or $5.46 a share.

For the first half, final net income after the tax credits was $30.2m or $7.54 a share compared with $39m or $9.74m. Revenues for the six months were $317.8m against $251.3m.

For the first nine months, another company with interests in oil and gas development, Tesoro Petroleum, saw per share earning jumps from 52 cent to $1.55, while for the same period, gas and chemicals group Petrolane Incorporated advanced from $2.57 to $3.03.

Carnation Company, dairy and food products manufacturer, rose from $1.45 a share to $1.61, while for the nine months, the meat products organisation Oscar Mayer and Company slipped from $1.81 to $1.17.

For the six months period, cargo container rental group Sea Containers advanced from $1.60 to $1.96, while for the full year consumer electrical goods manufacturer Tandy Corporation increased from $2.17 to $2.75.

Agencies

EUROBONDS

Dollar market slips further

By Mary Campbell

STRAIGHT dollar bonds suffered from continuous selling pressure yesterday and with few buyers around prices eased another one-eighth to a quarter of a point. DeutscheMark bonds also lost some of the last week's glitter and the Bundesbank was a net buyer of domestic paper yesterday. However, the weakness of the Dmark domestic market—widely viewed as a technical reaction—did not feed through evompletely to the foreign bonds.

Due for announcement today is the Euroyen issue for the Asian Development Bank. The Yen 15bn ten-year (bullet) issue is likely to offer a coupon of 5⅞ per cent, market sources said yesterday. This compares with the well over 6 per cent which would have been necessary for a foreign bond issue on the Tokyo market.

The Texas International Airlines $25m convertible has been priced at par and lead manager Smith Barney was expecting to open trading today at between 99 and par. The conversion price was fixed at $14¼, a premium of 8.4 per cent over the $13⅛ closing price for the shares on Monday.

The conversion premium was fixed below the 10-15 per cent indicated initially as a concession to the adverse currency situation, management sources said yesterday. The share price is slightly lower than when the issue was launched.

Boussac court decision still in the balance

BY DAVID WHITE

PARIS, August 16.

A SETTLEMENT decision on M. Marcel Boussac's crumbling textile empire was still in the balance tonight after the Paris Commercial Tribunal failed to reach a choice between two contenders for taking the group over.

The two are the Agache-Willot textile and retail group, run by the four Willot brothers and with a turnover of over FFr 5bn ($1bn) a year and the ready-to-wear clothes group of M. Maurice Bidermann, with annual sales of around FFrs 1.5bn and a large U.S. export business.

The Willot proposal had appeared to have the lead because of the group's greater financial strength and the prospect of additional backing from the Boussac group's creditor banks, including the state-owned "big three."

This position has, however, been changed at the last moment by the 89-year-old M. Marcel Boussac himself. M. Boussac met M. Bidermann yesterday and came out in support of his bid.

M. Boussac has already sold his racing stable to the Aga Khan, and disposed of his newspapers. The remainder of his personal holdings, like the 47 companies which maek up the group, are under the direct control of the Commercial Tribunal.

In a message to group executives, M. Boussac said that the proposed Bidermann take-over assured the integrity of the Boussac group and the preservation of the Dior fashion business, which has remained part of Boussac although the Dior perfume business was sold off 10 years ago.

The Biderman bid is backed by the Institut de Developpement Industriel (IDI), which would take a 34 per cent stake in a new venture to take over the remains of Boussac.

Although this would not involve direct state grants, the Government's Social and Economic Development Fund is reported to be ready to back the plan with a FFrs 200m loan. Immediate investments of some FFrs 230m are envisaged under the plan.

One way or the other, about 2,000 jobs at least are expected to be lost out of the 11,500 Boussac workforce.

Gervais Danone ahead

First half sales of BSN-Gervais Danone SA were FFr 7.25bn compared to FFr 6.6bn a year earlier. This represents an increase of 10 per cent.

Ericsson first half profits increase

By John Walker

SALES IN the first six months of this year for L. M. Ericsson are up by 13 per cent to SKr 4.1bn compared with SKr 3.6bn. Order intake during the half year amounted to SKr 6bn (up by 32 per cent) and group pretax profit amounted to SKr 422m ($93m), compared with SKr 394m.

The large increase in the order book is due in the main to the upswing of orders from Saudia Arabia. There has also been some significant changes in sales in different markets. Swedish orders rose by 35 per cent, Europe, other than Sweden, was ahead by 29 per cent while Latin American orders increased by 41 per cent.

Graenges buys minorities

BY OUR OWN CORRESPONDENT

STOCKHOLM, August 16

GRAENGES, the Swedish steel, shipping and engineering group, has reached an agreement in principle with Alcan Aluminium of Canada whereby Graenges will acquire Alcan's 21 per cent shareholding in the Swedish company Graenges Essem. The purchase price is somewhat more than $28m, and is close to the carrying value of the investments in Alcan's accounts.

The final transaction is subject to review and finalisation of existing technical and supplementary agreements, and is expected to be completed before September 30.

Graenges already owns approximately 79 per cent of Graenges Essem. The main activities of the latter are carried out by two wholly owned subsidiaries — Graenges Aluminium and Graenges Metallverken, aluminum and copper manufacturers.

Graenges said that the reason for the acquisition is that it is at present restructuring the company. Aluminium and Graenges Metallverken account for about half of group turnover of SKr 5.5bn, and will form the nucleus of the new Graenges organisation.

The concern states that against the background of the restructuring, it feels that all of these companies should be wholly owned.

HARLEY-DAVIDSON

Japanese threat to the superbike

BY CAROLE KORZENIOWSKY IN NEW YORK

THE MOTORCYCLE is to modern Americans what the horse, was to the *Old West.* Harley - Davidson Motorcycles, which cenebiates its 75th birthday this year, has won a definite place in the folk culture of Americans. The company has built its reputation on big and powerful motorcycles with 900 cc and more engine displacement and enjoys the largest single share of the U.S. market for "superbikes" with 40 per cent.

Total production this year will *be 48,000 bikes in nineteen* different models, with over 90 per cent of this in big bikes. After the recession year of 1974-75, when sales took a general dive, the big models made the most dramatic recovery, climbing 42 per cent in 1977 alone compared with an overall growth rate of 8 per cent for overall motorcycle sales.

At the end of July, the company ceased entirely to produce lightweight motorcycles, closing down its plant in Varese, Italy, and thus recognising the Japanese domination of that large and growing sector. Mr. John A. Davidson, the 43-year-old grandson of one of the original founders and currently president of the AMF subsidiary, believes that this decision will have no effect on heavyweight models which are produced in the U.S. and "continue to sell well," but the big bikes are facing other *problems. Among them are the* new noise rules which would especially hurt the superbikes, an expected decline in the number of 18 to 20-year-olds in the next decade, and the fact that fewer people are taking up motorcycling.

But Harley-Davidson claims that its biggest problem is Japanese imports. Indeed, its 7 per cent domestic market share looks rather slim compared with Honda's 40 per cent. *Even in the* area of heavyweights, the Japanese bikes account for over 50 per cent of those sold in the U.S. Harley explains these figures in terms of unfair competition. It has sought and been promised government co-operation to combat it.

The company filed a petition with the U.S. Treasury Department charging that the four big Japanese importers — Honda, Kawasaki, Susuki and Yamaha — were dumping their bikes on the American market at less than fair value. According to Harley, prices for the same bikes have been as much as 139 per cent higher in Japan and Europe than in the U.S. In 1977, "maximum dumping margins" for the four Japanese manufacturers ranged between 20.8 and 42.9 per cent.

Dumping takes another form connected to the oil embargo of 1973-74. That even, not surprisingly, led to a shortlived *motorcycle boom, which was then* followed by a collapse. Motorcycle manufacturers charged that the Japanese manufacturers continued to produce at an unwarranted rate, selling "prior year models" to American dealers at 30 to 40 per cent below the cost of a substutnially identical "current year model."

Two weeks ago, the Treasury Department determined officially that dumping had taken place, *and the U.S. International Trade* Commission must now decide whether the industry is being or is likely to be injured by these sales. If this is the case, duties will be levied against the imports to make up for past and future damage. But the situa*tion is likely to become more* complex as a result of exchange rate fluctuations.

Harley Davidson claims that its biggest problem is imports from Japan. Even in the area of heavyweights, Japanese bikes account for half of those sold in the U.S. But now that dumping has been confirmed, duties could be levied on imported models to make up for past and future damage.

Harley-Davidson is the last of over 70 American companies once crowding the field of motorcycle manufacture. Indian, the last major competitor, fell by the wayside in 1953. Yet this was around the time when Marlon Brando's performance in the film "The Wild Ones" spurred interest in motorcycles and sent *sales soaring. The 1960s* saw record year after record year and in 1969, AMF, the big leisure and industrial product group, took the company over. Since then, though, circumstances have conspired to make the going rough.

At a recent hearing of the Federal Environmental Protection Agency, Mr. Davidson testified against a proposal to put a 78 decibel noise limit on all motor-cycles sold in the U.S. He contends that not only would alterations to meet Government standards raise the price of his motor-cycles about $225 to $400, and make them slower, heavier and thus less attractive, but that they would be ineffective. The customers want noisy machines and they get them by "souping up" their bikes.

The Council on Wage and Price Stability agrees. It estimates that the EPA's proposals would cost consumers $200m a year. Furthermore, "even though the evidence *shows that most excessive motor*cycle noise is caused by owner-modification of the exhaust system, the EPA's proposal places the burden of motor-cycle noise control on the manufacturers." The council suggested an alterna*tive course of action—local en*forcement to prevent owner modification—but the EPA regulation appears to be a foregone conclusion.

Bremen to invest in Fokker

By Jonathan Carr

BONN, August 16.

THE CITY STATE of Bremen has taken an indirect stake in the troubled West German-Dutch aerospace concern VFW-Fokker for a sum understood to be more than DM 11 m. ($5.5m).

The Bremer Gesellschaft Fuer Wirtschaft und Arbeit, jointly owned by the Bremen State and Municipality, has obtained a 65.2 per cent holding in Hanseatische Industriebeteiligungen. The latter itself owns 26.4 per cent of the German part of VFW-Fokker.

The move is not unexpected as the German-Dutch concern moves slowly towards the much-discussed merger with Messerschmidt - Boelkow - Blohm (MBB), the German aerospace company based near Munich, Southern Germany.

The Mayor of Bremen, Herr Hans Koschnick, said last year that the City-State did not exclude the possibility of taking a stake—even for only a limited period—should this seem necessary to safeguard regional economic interests.

This was taken to mean that Bremen and conceivably the adjoining state of Lower Saxony—both in North Germany—would seek to ensure that they did not lose business or jobs through a merger, implying rationalisation, with a concern in the south.

Last December, following the announced abandonment of the company's VFW-614 short-haul jet airliner project, the West German government came to the company's aid with a rescue programme worth up to DM 540m.

The Bonn decision was taken to help preserve jobs and pave the way for the merger with MBB. Since then VFW-Fokker has said that it should be able to earn a small profit in 1979. Work in hand includes part of the European airbus programme, the largely Dutch-built F-27 and F 28 airliners and subcontracting work on the MRCA Tornado.

Hapag Lloyd forecast

By Our Own Correspondent

BONN, August 16.

HAPAG LLOYD, the West German travel and transport concern, is still hoping for a small profit this year after an exceptionally tough first half last year saw group net profit drop from DM 19.8m to DM 16.2m, while dividend cut from 12 to 9 per cent has recently been approved at the annual meeting.

The problems facing the companies are largely a continuation—and in part intensification—of those experienced in 1977.

For years Hapag Lloyd has been making major efforts to diversify away from activity directly related to shipping. But in the first half of 1978 this policy has not been able fully to make up for losses from shipping freight and regular passenger line business, which was down on expectations because of world over-capacity and the plummeting dollar.

In a shareholders letter released today Hapag Lloyd estimates that in the first half alone it has suffered DM 72m in lost earnings because of the fall of the U.S. currency.

Similarly, the concern's shipyard and repair service suffered from the general depression in the sector. The major boom division, on the other hand, was tourism—by air and sea. The company hopes for a still better result here than last year—even despite the uncertainty caused by the French air traffic controllers work to rule.

Anlagebank closes

Anlagebank Zurich AG, which specialised in Stock Exchange and investment management business has closed its doors and is now in liquidation, reports AP-DJ from Zurich. A statement said that the bank's liabilities were covered by its assets and a guarantee of SwFr 25m recently given by two former shareholders. At the end of 1977, Anlagebank had a balance sheet total of SwFr 30m.

HONG KONG PROPERTY

Network behind Queensway bid

BY ANTHONY ROWLEY IN HONG KONG

LOCAL PROPERTY developers were astonished when they were easily outbid by a little-known group of outsiders for a prime piece of central land which fetched a record price at a public auction here early this month.

Within minutes of the bidding opening, the price for the 42,620 square foot site in Queensway, central Hong Kong, was running into hundreds of millions of Hong Kong dollars and the bid battle looked to be between Cantonese (the dominant Chinese dialect group here) and western property developers.

However, when William Yip Wing Yuan, a director of World-Wide Properties, which has been a relatively small-time developer here until now, bid HK$585m (U.S.$126m), or HK$13,726 a square foot for the site the other bidders were left in amazement.

Not only had Yip bid a remarkable price for a site which, although well situated, lies outside the core of the banking and financial Central District—raising the question of whether World-Wide could hope to make a reasonable return on its investment—but as a Fukienese overseas Chinese he had successfully challenged Hong Kong's Cantonese businessmen on their own ground.

Behind World-Wide properties lies a web of financial and personal relationships linking Fukienese entrepreneurs in Thailand, Malaysia, Singapore, the Philippines, Indonesia and Taiwan to two little-known but powerful Hong Kong conglomerates, Federal Amalgamated Corporation and International Consolidated Investment, which have interests in a wide variety of businesses in the colony.

Through their associated and subsidiary banking companies, these conglomerates control not only World-Wide but also a Hong Kong-registered property group, Sino Realty, which has recently been buying up sites in Hong Kong.

Property analysts feel that World-Wide's total outlay leaves little room for profit. On the basis of current selling values for office and commercial space, it has been suggested that the company could be looking for a return on investment of some 5 per cent

One of the substantial minority shareholders of Sino Realty is Ng Teng Fong, head of the Far East organisation in Singapore, which has developed a number of prime sites there, including Lucky Plaza in Orchard Road, with the financial backing of the Moscow Narodny Bank. The extent of the Moscow Narodny Bank's financial involvement with leading figures in the overseas Chinese community in South East Asia has been a source of political embarrassment following Peking's discovery of some of these links.

Well established Hong Kong pressed surprise that World-Wide easily clinched the Queensway deal (by way of its Lipak Investment subsidiary). They might have been less surprised had they realised the extent of World-Wide's backing. While World-Wide's net assets are only around HK$92m, its directors and major shareholders control much larger amounts.

World-Wide's vice-chairman, Johnny Cheng, is also deputy chairman of Overseas Trust Bank (UTB), a Hong Kong-registered commercial and merchant bank with deposits of HK$1.7bn, and Chinese directors from the Philippines, Thailand, Indonesia, Singapore, Malaysia and Hong Kong. Although OTB has denied that it will be involved in the Queensway development this does not cover the ultimate beneficiaries of the 30 per cent of World-Wide shares held by OTB Nominees.

World Wide's chairman, Yip Hon is a prominent Macao businessman, and a director of the Hong Kong-registered Tang Lung Bank, which has HK$1.1bn assets, and direct and nominee holdings in World-wide. Again it has Chinese directors from throughout South East Asia. Other cross-holdings and director ships link World-Wide with more Fukien Chinese entrepreneurs in the region. Although generally these entrepreneurs tend to form only ad-hoc, cross-frontier business groupings, their expensive foray now into the booming Hong Kong property market has caused speculation about an even heavier inflow of overseas Chinese money than is evident even from the booming stock market here.

World-wide says that some of its income from another development, at Shatin in the New Territories will be used to fund the Queensway development, which will be above the Mass Transit Railway station at the Admiralty interchange. And the group will take advantage of deferred payment terms offered by the Hong Kong Government for the site.

However, at current rental and purchase values for completed office and commercial property here, World-Wide's total outlay, including development costs, of HK$1.38bn leaves little room for profit, property analysts feel. On the basis of current selling values for office and commercial (shop and restaurant) space, World-Wide could be looking at a return on investment of under 5 per cent, some observers suggest. Also, seven other major developments are due for completion in the same area at about the same time — from mid-1979 to 1981. World-Wide's Commercial Building, a much smaller development, here, has not been fully let since completion in 1973, but observers feel that Fukienese businessmen are too astute to repeat that mistake on a much larger scale. With agencies of the Peking Government itself now investing openly in property here, thus giving a tacit assurance of the Colony's medium term commercial future, analysts projections on future property values may prove over-conservative.

Chrysler Australia prospects

By James Forth

SYDNEY, August 16.

CHRYSLER AUSTRALIA'S losses continued to mount in the first half of 1978, but the directors are confident that the group's position will now start to improve. For the six months to June 30, Chrysler incurred a consolidated operating loss of A$14.93m compared with a deficit of A$3.13m in the first six months of 1977.

Announcing the loss the managing director, Mr. T. J. Andersen, said that difficult conditions persisted throughout the period with demand for new vehicles showing virtually no recovery from the severely depressed conditions of 1977. Chrysler's sales for the half year edged up 3.7 per cent to A$136.1m with its new four cylinder car, the Sigma, leading the way. The Sigma increased its market penetration of the medium four cylinder market from 13.1 per cent in January to 21.5 per cent by June.

Mr. Andersen said that with the launch of the Sigma wagon soon, Chrysler was looking to achieving overall leadership in the four cylinder passenger vehicle market by the end of 1978. He added that sales of the group's six and eight cylinder cars was also strengthening.

The restructuring programme announced in May, which involved the retrenchment of 1,100 workers from the South Australian plants over a period of years, had resulted in significant improvements in productivity and plant efficiency. Because of improved sales prospects, which would be boosted by the sales tax cuts in the 1978-79 budget, and productivity gains, further workforce reductions on the scale foreshadowed in the May announcement were now unlikely. The full benefits of the restructuring programme would be realised in 1979 and beyond.

"Looking ahead, we remain confident that with Sigma's success in the market, models planned for introduction in coming months and the productivity improvements we are now achieving, we will emerge from 1978 in a substantially strengthened position." Mr. Anderson added.

David Jones' sale

DAVID JONES will sell its six stores in Western Australia within the next month due to heavy trading losses. The company said the stores would have continued to trade at a substantial loss for several years, reports Reuter from Sydney.

Marginal fall in Sappi profits

BY RICHARD ROLFE

JOHANNESBURG, August 16.

SAPPI, the main South African pulp and paper manufacturer, which is a subsidiary of Union Corporation, has reported a modest rise in turnover for the six months to June 30, with the figure up from R93.8m to R99.7m ($114.6m).

But in contrast to sharply higher profits from the packaging groups, Reed Nampak and Kohler Bros. (the latter also in the Union Corporation stable), Sappi's consolidated pre-tax profits are down from R9.9m to R9.3m ($10.69m) for the period.

The provision for tax is also down, from R2.7m to R1.6m, reflecting the relatively heavy capital spending programme on the new Enstra mill, and commitments are still over R8m compared with nearly R10m a year ago. Profits attributable to outside shareholders are up from R0.9m to R1.4m, because of the strong performance by the listed subsidiary, Carlton Paper, which manufactures tissues and related products, and Sappi's bottom line figure is R0.1m down at R6.3m despite the favourable tax position. Earnings per share are unchanged at 22 cents.

The group does not pay an interim dividend, but the Board predicts that "in spite of the lower profits the present annual dividend of 20 cents will be maintained."

No improvement is expected this year, but improved cost control and benefits of the expansion programme are expected to flow through in 1979.

Strong growth at Tiger Oats

By Our Own Correspondent

JOHANNESBURG, August 16.

TIGER OATS, which dominates the South African food and feeds market with Premier Milling, has reported strong growth in profits over the six months to June 30. Turnover is up from R250m to R353m ($405.7m), and pre-tax profit showed a 43 per cent leap from R15.7m to R2.4m ($25.75m), but both the latest figures owe something to the inclusion of the pharmaceuticals group Adcock-Ingram acquired during the second half of 1977.

Tiger Oats' earnings per share were up from 102 to 114 cents, and the interim dividend has been raised from 22 cents to 25 cents. Last year's total was 52 cents.

Adcock-Ingram has changed its year-end to coincide with that of Tiger Oats, but its taxed profit was up marginally for the 12 months to June 30 from R3.8m

Midway advances at Liberty Life

BY OUR OWN CORRESPONDENT

JOHANNESBURG, August 16.

LIBERTY LIFE, the largest quoted life company in Johannesburg, control of whose immediate parent, Guardian Assurance, was recently sold by Guardian Royal Exchange of the UK to a local consortium, has reported another advance on all fronts for the six months to end June.

Premium income improved from R59m ($67.82m) and net investment income from R19m to R24m. The taxed surplus was up from R5m to R7.1m, but after deducting R1.2m attributable to outside shareholders, and allowing for reduced preference share dividend payments, the net attributable surplus was up from R4.5m to R5.6m ($6.44m).

The number of shares in issue has risen from 9.9m to 10.9m so the improvement in earnings per share is by 7c to 52c and the interim dividend has been raised 3c to 30c.

Hotel group seeks listing

BY WONG SULONG

KUALA LUMPUR, August 16.

GENTING Berhad, the operator of a hotel and casino complex in the Genting highlands outside Kuala Lumpur, and one of the biggest companies on the Malaysian and Singapore exchanges, has confirmed it is seeking a listing on the Hong Kong Exchange.

A company spokesman said the Hong Kong authorities have no objections to its application, and approval is being awaited from the Malaysian authorities for the listing.

Genting's main business is the hotel and casino, but the company is keen to diversify its interests. It is already a major shareholder in Harrisons Malaysian Estates.

Genting today received the first instalment of 4.85m ringgits from Anika Insurance Berhad as payment for its two helicopters which were destroyed in a fire early this year.

The company has ordered two helicopters from Bell Helicopters of Texas, for 5.8m ringgits, to replace the two destroyed. The new aircraft would be delivered at the end of the year and would be used to fly passengers from Kuala Lumpur to the Genting highlands. Last year a total of 646,000 people visited the highlands and the company made a record pretax profit of 27.5m ringgits.

* * *

Central Enterprises, a Hong Kong company, is planning to develop what is probably the world's biggest fresh water prawn farm in the world, using the Sultanate of Brunei as the base.

The company has taken a 40-year lease on 1,000 acres of land in Brunei and plans to spend 200m Brunei dollar (U.S.$9m.).

According to reports from Brunei, the land, situated near the Temburong river, has been surveyed and work on building the ponds is expected at the end of the year.

The project will have freezing plants and laboratories to process the prawns, and the target is to produce 1,000 tons of prawns a year for the U.S. and Japanese markets.

A former British rubber planter in Malaysia, Mr. Geoffrey Hodgson, has been appointed manager of the project.

Offshore Tax Bill passed

By Anthony Rowley

HONG KONG, August 16.

THE OFFICIAL Legislative Council here today passed a Bill amending the revenue ordinance and making interest earned through offshore transactions of banks and deposit-taking companies liable to profits tax, which currently stands at 17 per cent.

At present banks pay no tax on the interest earned from deposits placed outside the colony and from loans where the monies concerned are deemed to have been made available outside Hong Kong. Under the amendment to the official ordinance, however, and with effect from April 1, 1978, they will have to pay interest on "sums received by or accrued to a bank or other financial institution by way of interest which arises through or from the carrying on by the bank/institution of its business in the colony, notwithstanding that the moneys in respect of which the interest is received or accrued are made available outside the colony."

SELECTED EURODOLLAR BOND PRICES

MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
[illegible] Australia 8½pc 1990	[illegible]	[illegible]
AMEV 8pc 1987	[illegible]	[illegible]
Australia 8½pc 1992	[illegible]	[illegible]
Australian M. & S. 9½pc '92	[illegible]	[illegible]
Barclays Bank 8½pc 1992	[illegible]	[illegible]
Bowater 9½pc 1992	[illegible]	[illegible]
Can. N. Railway 8¾pc 1986	[illegible]	[illegible]
Credit National 8½pc 1986	[illegible]	[illegible]
Denmark 8½pc 1984	[illegible]	[illegible]
ECS 9pc 1993	[illegible]	100
ECS 8½pc 1997	[illegible]	[illegible]
EIB 8½pc 1992	[illegible]	[illegible]
EMI 9½pc 1989	[illegible]	[illegible]
Ericsson 8½pc 1989	[illegible]	[illegible]
Esso 8pc 1986 Nov.	[illegible]	100
Gt. Lakes Paper 8½pc 1984	[illegible]	[illegible]
Hamersley 9½pc 1992	101	[illegible]
Hydro Quebec 9pc 1992	[illegible]	[illegible]
ICI 8½pc 1987	[illegible]	[illegible]
ISE Canada 9½pc 1998	[illegible]	104
Macmillan Bloedel 9pc 1992	[illegible]	[illegible]
Massey Ferguson 9½pc '91	[illegible]	[illegible]
Michelin 9½pc 1988	100	[illegible]
Midland Int. Fin. 8½pc '92	[illegible]	[illegible]
National Coal Bd. 8pc 1987	[illegible]	[illegible]
National Westminster 9pc '86	[illegible]	102
Natl. Westminstr. 9pc '86 'B'	[illegible]	[illegible]
Newfoundland 9pc 1989	[illegible]	101
Nordic Inv. Bank 8½pc 1988	[illegible]	[illegible]
Norges Kom. Bk. 8½pc 1992	[illegible]	[illegible]
Norpipe 8½pc 1989	[illegible]	[illegible]
Norsk Hydro 8½pc 1992	[illegible]	[illegible]
Oslo 9pc 1988	100	[illegible]
[illegible] Aluminum 9pc 1991	[illegible]	[illegible]
Prov. Quebec 9pc 1995	[illegible]	[illegible]
Prov. Saskatchwn. 8½pc '86	[illegible]	[illegible]
Reed International 9pc 1987	[illegible]	[illegible]
RHM 9pc 1992	[illegible]	[illegible]
Selection Trust 8½pc 1989	[illegible]	[illegible]
Shell Intl. Fin. 8½pc 1990	[illegible]	[illegible]
Stand. Enskilda 9pc 1991	[illegible]	[illegible]
SKF 8pc 1987	[illegible]	[illegible]
Sweden (K'dom) 8½pc 1987	[illegible]	[illegible]
United Biscuits 9pc 1989	[illegible]	[illegible]
Volvo 8pc 1987 March	[illegible]	[illegible]
NOTES		
Australia 7½pc 1984	[illegible]	[illegible]
Bell Canada 7½pc 1987	[illegible]	[illegible]
Br. Columbia Hyd. 7½pc '85	[illegible]	[illegible]
Can. Pac. 8½pc 1984	[illegible]	[illegible]
Dow Chemical 8pc 1986	[illegible]	[illegible]
ECS 7½pc 1982	[illegible]	[illegible]
ECS 8½pc 1989	[illegible]	[illegible]
EEC 7½pc 1982	[illegible]	[illegible]
EEC 7½pc 1984	[illegible]	[illegible]
Enso Gutzeit 8½pc 1984	[illegible]	[illegible]
Gotaverken 7½pc 1982	[illegible]	[illegible]
Kockums 8pc 1983	[illegible]	[illegible]
Michelin 8½pc 1983	[illegible]	[illegible]
Montreal Urban 8½pc 1981	[illegible]	[illegible]
New Brunswick 8pc 1984	[illegible]	[illegible]
New Bruns. Prov. 8½pc '83	[illegible]	100
New Zealand 8½pc 1986	[illegible]	[illegible]
Nordic Inv. Bk. 7½pc 1984	[illegible]	[illegible]
Norsk Hydro 7½pc 1982	[illegible]	[illegible]
Norway 7½pc 1982	[illegible]	[illegible]
Ontario Hydro 8pc 1987	[illegible]	[illegible]
Singer 8½pc 1982	[illegible]	[illegible]
S. of Scot. Elec. 8½pc 1981	[illegible]	[illegible]
Sweden (K'dom) 7½pc 1982	[illegible]	[illegible]
Swedish State Co. 7½pc '82	[illegible]	[illegible]
Telmex 9½pc 1984	[illegible]	[illegible]
Tenneco 7½pc 1987 May	[illegible]	[illegible]
Volkswagen 7½pc 1987	[illegible]	[illegible]
STERLING BONDS		
Allied Breweries 10½pc '90	[illegible]	[illegible]
Citicorp 10pc 1993	[illegible]	[illegible]
Courtaulds 9½pc 1989	[illegible]	[illegible]
ECS 9½pc 1989	[illegible]	[illegible]
EIB 9½pc 1988	[illegible]	[illegible]
EIB 9½pc 1992	[illegible]	[illegible]
Finance for Ind. 9½pc 1987	[illegible]	[illegible]
Finance for Ind. 10pc 1989	[illegible]	[illegible]
Fisons 10½pc 1987	[illegible]	[illegible]
Gestetner 11pc 1988	[illegible]	[illegible]
INA 10pc 1988	[illegible]	[illegible]
Rowntree 10½pc 1989	[illegible]	[illegible]
Sears 10½pc 1989	[illegible]	[illegible]
Total Oil 9½pc 1984	[illegible]	[illegible]
DM BONDS		
Asian Dev. Bank 5½pc 1988	[illegible]	[illegible]
BNDE 6½pc 1988	[illegible]	[illegible]
Canada 4½pc 1983	[illegible]	[illegible]
Den Norske Ind. Bk. 6pc '90	[illegible]	[illegible]
Deutsche Bank 4½pc 1983	[illegible]	[illegible]
ECS 5½pc 1990	[illegible]	[illegible]
EIB 5½pc 1990	[illegible]	[illegible]
Elf Aquitaine 5½pc 1988	[illegible]	[illegible]
Eurofima 5½pc 1987	[illegible]	[illegible]
Finland 5½pc 1986	[illegible]	[illegible]
Forsmarks 5½pc 1990	[illegible]	[illegible]
Mexico 6pc 1985	[illegible]	[illegible]
Norcem 5½pc 1989	[illegible]	[illegible]
Norway 4½pc 1983	[illegible]	[illegible]
Norway 4½pc 1983	[illegible]	[illegible]
PK Banken 5½pc 1988	[illegible]	[illegible]
Prov. Quebec 6pc 1990	[illegible]	[illegible]
Rautaruukki 5½pc 1988	[illegible]	[illegible]
Spain 6pc 1988	[illegible]	[illegible]
Trondheim 5½pc 1988	[illegible]	[illegible]
TVO Power Co. 6pc 1988	[illegible]	[illegible]
Venezuela 6pc 1988	[illegible]	[illegible]
World Bank 5½pc 1990	[illegible]	[illegible]

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8½pc	99	[illegible]
BFCE 1984 8½pc	[illegible]	[illegible]
BNP 1983 8½pc	[illegible]	[illegible]
BQE Worms 1985 9pc	[illegible]	[illegible]
CCF 1985 8½pc	[illegible]	[illegible]
Chase Manhtn. '93 9 5/16pc	[illegible]	[illegible]
Creditanstalt 1984 8½pc	[illegible]	[illegible]
DG Bank 1982 9pc	[illegible]	[illegible]
GZB 1981 8 11/16pc	[illegible]	[illegible]
Intl. Westminster 1984 8pc	[illegible]	[illegible]
Lloyds 1983 8 15/16pc	[illegible]	[illegible]
LTCB 1983 9pc	[illegible]	[illegible]
Midland Int. FS '87 8 9/16pc	[illegible]	[illegible]
Midland Int. FS '90 9 7/16pc	[illegible]	[illegible]
Nat. Westminster '90 9 5/16pc	[illegible]	[illegible]
OKB 1983 8½pc	[illegible]	[illegible]
SNCF 1985 9 5/16pc	[illegible]	[illegible]
Stand. and Chard. '84 8½pc	[illegible]	[illegible]

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	[illegible]	[illegible]
Ashland 5pc 1988	[illegible]	[illegible]
Babcock & Wilcox 5pc '92	[illegible]	[illegible]
Beatrice Foods 4½pc 1992	[illegible]	[illegible]
Beatrice Foods 6½pc 1992	[illegible]	[illegible]
Beecham 6½pc 1992	[illegible]	[illegible]
Borden 5pc 1992	[illegible]	[illegible]
Broadway Hale 4½pc 1987	[illegible]	[illegible]
Carnation 4pc 1987	[illegible]	[illegible]
Chevron 5pc 1988	[illegible]	[illegible]
Dart 4½pc 1987	[illegible]	[illegible]
Eastman Kodak 4½pc 1988	[illegible]	[illegible]
Economic Labs 4½pc 1987	[illegible]	[illegible]
Firestone 5pc 1988	[illegible]	[illegible]
Ford 5pc 1988	[illegible]	[illegible]
General Electric 4½pc 1987	[illegible]	[illegible]
Gillette 4½pc 1987	[illegible]	[illegible]
Gould 5pc 1987	[illegible]	[illegible]
Gulf and Western 5pc 1988	[illegible]	[illegible]
Harris 5pc 1992	[illegible]	[illegible]
Honeywell 6pc 1986	[illegible]	[illegible]
ICI 6½pc 1992	[illegible]	[illegible]
INA 6pc 1997	[illegible]	[illegible]
Inchcape 6½pc 1992	[illegible]	[illegible]
ITT 4½pc 1987	[illegible]	[illegible]
Jusco [illegible]	[illegible]	[illegible]
Komatsu [illegible]	[illegible]	[illegible]
J. Ray McDermott [illegible]	[illegible]	[illegible]
Matsushita [illegible]	[illegible]	[illegible]
Mitsui [illegible]	[illegible]	[illegible]
J. P. Morgan [illegible]	[illegible]	[illegible]
Nabisco [illegible]	[illegible]	[illegible]
Owens Illinois [illegible]	[illegible]	[illegible]
J. C. Penney [illegible]	[illegible]	[illegible]
Revlon [illegible]	[illegible]	[illegible]
Reynolds Metals [illegible]	[illegible]	[illegible]
Sandvik [illegible]	[illegible]	[illegible]
Sperry Rand [illegible]	[illegible]	[illegible]
Squibb [illegible]	[illegible]	[illegible]
Texaco [illegible]	[illegible]	[illegible]
Toshiba [illegible]	[illegible]	[illegible]
Ty Co. [illegible]	[illegible]	[illegible]

Source: Kidder, Peabody Securities.

YONTOBEL EUROBOND INDICES

14.5.76=100%

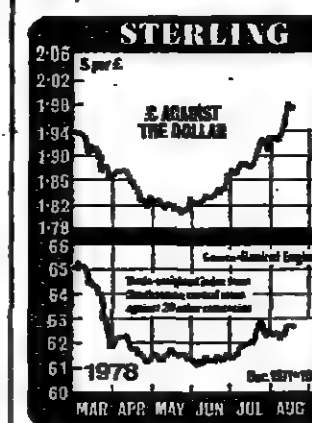
PRICE INDEX	15.8.78	8.8.78	AVERAGE YIELD	15.8.78	8.8.78
DM Bonds	105.08	104.31	DM Bonds	6.633	6.768
HFL Bonds & Notes	102.40	101.90	HFL Bonds & Notes	7.880	[illegible]
U.S. $ Strt. Bonds	99.41	99.06	U.S. $ Strt. Bonds	8.855	8.914
Can.-Dollar Bonds	100.03	100.27	Can.-Dollar Bonds	9.295	9.222

Currency, Money and Gold Markets

Dollar volatile in late trading

Trading was very erratic in the foreign exchange market yesterday, with the dollar moving very sharply in late trading. The apparent lack of any new foreign exchange controls following the Swiss Cabinet meeting pushed the dollar down to its weakest level of the day fairly near the close, but news that President Carter is to initiate a study into ways of assisting the ailing currency, led to an equally sharp rise. The market was very thin towards the finish, however, and dealing spreads were very wide.

Sterling opened at $1.9825-1.9850, and touched $1.9855-1.9875 in the morning, before easing to $1.9760-1.9770 by mid-afternoon. As the dollar fell sterling improved to a best level of $1.9875-1.9900, but with the U.S.



currency's late recovery the pound fell again to $1.9750-1.9770 at the close, a rise of 20 points on the day.

The pounds trade-weighted index on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of Egland, fell to 62.6 from 62.7, after standing at 62.6 at noon and 62.8 in early trading.

The Swiss franc rose to a high point of SwFr1.5700 in the afternoon, but closed at SwFr1.5887½ against the dollar, compared with SwFr1.6063 previously.

The D-mark touched DM1.9270 in terms of the dollar at the same time, but finished at DM1.9450, compared with DM1.9550 on Tuesday.

The yen traded within a narrower range however, rising to Y183.10, and closing at Y184.65, compared with Y184.77½ previously.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM1.9484 against the Deutsche Mark, compared with DM1.9290 previously. The fixing level compared with DM1.9448 at mid-morning in Zurich and an early Frankfur rate of DM1.9375. Trading was relatively quiet, compared with previous days this week, with the market wating to see the outcome of yesterday's Swiss cabinet meeting.

In a radio interview the president of the West German Federal Bank Association said that he is opposed to Bundesbank intervention in support of the dollar, noting that U.S. inflation is climbing into double figures, while the German rate is under 3 per cent. He added that some resistance to the dollar's fall may be encountered around the DM1.90 level.

The Bundesbank trade-weighted revaluation index of the Deutsche Mark was 147.9 compared with 148, up 2.4 per cent from the end of 1977.

PARIS—The dollar improved from early levels against the French franc, ending at FFr 4.2250, compared with FFr 4.2200 in the morning, but sharply lower than the finishing level of FFr 4.2950 last Friday.

AMSTERDAM—The guilder rose to Fl 2.1045 in late trading, from a fixing level of Fl 2.1165 against the dollar. The Dutch currency was very weak within the European Currency snake however, falling close to its intervention point in terms of the D-mark. No central bank intervention was noted, but the guilder fell to DM 92.01 per 100 guilders, compared with a minmum permitted floor of DM 91.99½.

TOKYO—The dollar improved slightly in nervous trading, to finish at Y183.77½ against the yen, compared with Y182.85 on Tuesday. It traded between Y183.10 and Y184.10, and any intervention by the Bank of Japan was probably confined to the morning and was on a very small scale. Japan's current account surplus of $2.050bn in July, was slightly lower than the previous month, but was generally in line with expectations.

THE POUND SPOT / FORWARD AGAINST £

Aug. 16	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¼	1.9725-1.9880	1.9750-1.9770	0.62-0.52c pm	3.46	1.52-1.42c pm	2.97
Canadian $	8	2.2450-2.2560	2.2475-2.2485	0.55-0.45c pm	2.66	1.50-1.40c pm	2.58
Guilder	4½	4.16-4.20	4.18-4.19	2⅜-1⅜ c pm	5.38	5⅛-4⅛ c pm	4.52
Belgian F.	6	60.30-60.90	60.40-60.50	20-10 c pm	2.98	45-35 c pm	2.48
Danish K	8	10.61-10.71	10.61-10.71	3-5ore dis	-4.51	8½-9½ ore dis	-2.75
D-Mark	3	3.82½-3.88½	3.84-3.85	2¾-2¼ pf pm	8.18	8¼-7¼ pf pm	8.06
Port. Esc.	18	87.25-88.30	87.60-87.80	70-170 c dis	-16.43	180-530 c dis	-16.82
Span. Pes.	8	146.50-147.70	146.55-146.45	50c pm-50 c dis	par	70c pm-30c dis	0.64
Lira	11½	1,621-1,628	1,621½-1,625½	3-5 lire dis	-2.95	10-15 lire dis	-2.55
Nrwgn. K.	7	10.15-10.27	10.15½-10.16½	1orepm-1o dis	par	par-2 ore dis	-0.33
French Fr.	9½	8.34-8.41	8.37½-8.38½	2½-1½ c pm	2.89	4¾-3⅝ c pm	2.02
Swedish Kr.	6½	8.57-8.68	8.57-8.59	2 ore pm-par	1.39	5¼-3¼ ore pm	1.38
Yen	3½	361-368	364-366	6.45-6.15 y pm	19.85	9.86-9.65y pm	9.67
Austria Sch	4½	27.50-27.90	27.65-27.75	20-10 gro pm	6.49	40-30 gro pm	5.05
Swiss Fr.	1	3.11-3.11	3.11½-3.15½	5⅝-2⅝ c pm	10.87	9-6 c pm	10.81

Belgian rate is for convertible francs. Financial franc 61.80-61.90.

Six-month forward dollar 2.37-2.47c pm. 12-month 4.45-4.55.

THE DOLLAR SPOT / FORWARD AGAINST $

August 16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	0.8765-0.8777	0.8768-0.8771	0.09-0.07c dis	-1.46	0.33-0.35c dis	-0.72
Guilder	2.1030-2.1150	2.1110-2.1125	0.44-0.39c pm	2.35	1.14-1.09c pm	2.12
Belgian Fr	30.58-30.66	30.61-30.63	0.02-0.05c pm	0.56	par-0.04c pm	0.25
Danish Kr	5.3860-5.3940	5.3920-5.3940	—		—	
D-Mark	1.9325-1.9455	1.9437-1.9447	0.82-0.77pf pm	4.85	2.52-2.42pf pm	4.85
Port. Es	—	45.20-45.50	—		—	
Lira	817.50-822.60	822.20-822.60	4.05-4.55lire dis	-3.60	11.5-12.25lire dis	-3.48
Nrwgn. Kr	5.1325-5.1525	5.1505-5.1525	—		—	
French Fr	4.2025-4.2500	4.2450-4.2500	0.30-0.40c dis	-0.85	1.20-1.40c dis	-0.59
Swedish Kr	4.3555-4.3635	4.3600-4.3620	—		—	
Yen	183.20-184.20	183.90-184.10	1.20-1.05y pm	7.35	3.20-3.05y pm	6.50
Austria Sch	—	14.000-14.0075	—		—	
Swiss Fr	1.5700-1.5970	1.5950-1.5970	1.05-1.00c pm	7.50	3.20-3.13c pm	7.30

* U.S. cents per Canadian $.

CURRENCY RATES

August 16	Special Drawing Rights	European Unit of Account
Sterling	0.647798	—
U.S. dollar	1.29838	—
Canadian dollar	1.47469	—
Austrian schilling	—	—
Belgian franc	—	—
Danish krone	6.92415	—
Deutsche Mark	—	—
Guilder	2.78500	—
French franc	—	—
Lira	—	—
Yen	234.727	—
Norwegian krone	6.59475	—
Peseta	—	—
Swedish krona	—	—
Swiss franc	2.02429	—

CURRENCY MOVEMENTS

August 16	Bank of England Index	Morgan Guaranty changes %
Sterling	62.58	Unavailable
U.S. dollar	82.59	—
Canadian dollar	82.23	—
Austrian schilling	141.80	—
Belgian franc	111.26	—
Danish krone	114.06	—
Deutsche Mark	143.85	—
Swiss franc	203.59	—
Guilder	120.57	—
French franc	100.76	—
Lira	55.77	—
Yen	157.48	—

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 16	£	$		£ Note Rates
Argentina Peso	1,613-1,617	816.29-818.32	Austria	27.50-28.30
Australia Dollar	1.6950-1.7000	0.8569-0.8584	Belgium	61½-62½
Finland Markka	7.9350-7.9525	4.0157-4.0248	Denmark	10-60-10.75
Brazil Cruzeiro	36.41-37.41	18.426-18.932	France	8.35-8.45
Greece Drachma	70.956-72.594	35909.-36.788	Germany	[illegible]
Hong Kong Dollar	9.40-9.48½	4.7430-4.7470	Italy	1580-1610
Iran Rial	136-142	68.826-71.862	Japan	362-372
Kuwait Dinar (KD)	0.531-0.541	0.2687-0.2738	Netherland	4.13-4.23
Luxembourg Franc	60.40-60.50	30.60-30.64	Norway	10.13-10.23
Malaysia Dollar	4.47-4.48½	2.2580-2.2600	Portugal	82-89
New Zealand Dollar	1.8442-1.8602	0.9359-0.9395	Spain	144½-148
Saudi Arabia Riyal	6.52-6.62	3.29-3.35	Switzerland	3.10-3.20
Singapore Dollar	4.37-4.38½	2.2115-2.2125	United States	1.9800-1.9925
South African Rand	1.7087-1.7348	0.8647-0.8779	Yugoslavia	37.00-40.00

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 16	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.	1.976	3.846	365.0	8.385	3.145	4.170	1625.	2.248	60.45
U.S. Dollar	0.506	1.	1.946	184.7	4.245	1.592	[illegible]	821.1	1.138	30.59
Deutsche Mark	0.260	0.514	1.	94.93	2.181	0.818	1.085	422.0	0.585	15.72
Japanese Yen 1,000	2.740	5.414	10.53	1000.	22.97	8.616	11.42	4445.	6.159	165.5
French Franc 10	1.193	2.357	4.586	435.9	10.	3.751	4.973	1935.	2.681	72.09
Swiss Franc	0.318	0.628	1.223	116.0	2.666	1.	1.326	515.9	0.715	19.22
Dutch Guilder	0.240	0.474	0.922	87.53	2.011	0.754	1.	389.1	0.539	14.50
Italian Lira 1,000	0.616	1.218	2.370	225.0	5.168	1.938	2.570	1000.	1.386	37.26
Canadian Dollar	0.445	0.879	1.710	162.4	3.730	1.399	1.855	721.8	1.	26.89
Belgian Franc 100	1.654	3.269	6.361	603.8	13.87	5.203	6.898	2684.	3.719	100.

EURO-CURRENCY INTEREST RATES*

Aug. 16	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11½-12½	8-9	7¾-8	5-5¼	par-½	2⅜-2⅝	7⅜-7⅝	—	—	[illegible]
7 days' notice	11½-12½	8-9	7⅞-8⅛	5-5¼	par-½	2⅜-2⅝	7⅜-7⅝	12½-13½	[illegible]	[illegible]
Month	11½-11⅞	8⅜-8⅝	7½-7¾	5-5¼	par-½	3-3⅛	8⅜-8⅝	12¾-13¾	8-8¼	[illegible]
Three months	11¼-11⅝	[illegible]	8⅛-8⅜	6-6¼	[illegible]	[illegible]	9-9¼	13-14	[illegible]	1½-1¾
Six months	11¼-11⅝	[illegible]	8⅛-8⅜	6⅛-6⅜	[illegible]	[illegible]	9½-9¾	13½-14½	[illegible]	2⅛-2⅜
One year	11⅝-11¾	9⅛-9⅜	8¾-9	6⅜-6⅝	⅞-1	3⅞-4	10¼-10½	14-15	8¾-8⅞	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.28-8.[illegible] per cent; six months 8.[illegible] per cent; one year 8.70-8.80 per cent.

Long-term Eurodollar deposits: two years 8 15/16-9 1/16 per cent; three years [illegible] per cent; four years 9 5/16-9 7/16 per cent; five years 9 5/16-9 7/16 per cent nominal closing rates.

Short-term rates are call for Sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Less pressure on Belgian rates

Rates on short-term Treasury paper were cut by the Belgian National Bank yesterday. This reversed the general upward trend seen in recent weeks. Last week rates on Trasury crtificates were pushed up for the third time in 10 days, in what was seen as an attempt to defend the Belgian franc within the European Currency snake. It therefore came as something of a surprise when Bank Rate was not increased in line, but held at 6 per cent.

Yesterday's cut in rates was fairly modest however, with the rate on one-month easing to 7 per cent from 7.25 per cent, following last week's rise from 6.40 per cent. Two-month was also cut to 7 per cent from 7.25 per cent, after rising from 6.65 per cent last week, while three-month fell to 7.25 per cent from 7.50 per cent, after rising from 6.85 per cent.

The Belgian franc has tended to improve its position within the snake this week, rising slightly against the D-mark on Monday and Tuesday. It has been the weakest member of the joint float for some time, frequently falling below its minimum permitted level against the D-mark, but by Tuesday it was no longer the weakest, with the Danish krona nearer its floor against the German currency.

Deposit rates for the Belgian franc (commercial) have eased over the last week, with the one-month at 6¾-7⅛ per cent yesterday, compared with 7¼-7½ per cent Wednesday last week; three-month at 7¼-7⅝ per cent, compared with 7½-7⅞ per cent; six-month at 7½-7⅞ per cent, compared with 7⅞-8 per cent; and 12-month at 7½-7⅞ per cent compared with 8⅛ per cent. Brussels call money eased to 4 per cent from 5 per cent yesterday.

PARIS—Money market rates were mixed following the long weekend holiday. Day-to-day money was 7⅜ per cent, compared with 7¼ per cent before the weekend, with one-month funds at 7⅛-7⅜ per cent, compared with 7¼-7½ per cent, three-month at 7½-7¾ per cent, compared with 7⅝-7⅞ per cent, and six-month at 7¾-8 per cent, compared with 7 13/16-7 15/16 per cent.

FRANKFURT—Interbank money market rates were unchanged from call at 3 per cent, to six-month at 4 per cent.

AMSTERDAM—Call money was unchanged at 4.75-5 per cent, and one-month at 6-6.25 per cent. Three-month funds were quoted at 6.625-6.75 per cent, compared with 6.625-6.875 per cent previously, while six-month fell to 6.875-7.125 per cent from 7.125-7.25 per cent.

NEW YORK—Fed funds rose slightly to 7 15/16 per cent from 7⅞ per cent, and Treasury bill rates were firmer. The 13-week rate rose to 7.02 per cent from 6.98 per cent, while 26 weeks bills rose to 7.32 per cent from 7.31 per cent. One-year bills rose to 7.68 per cent from 7.68 per cent.

GOLD

Further rise

Gold finished at a record closing level of $214½-215½ in the London bullion market yesterday, a rise of $1½ on the day. It opened at $214½-215½ and was fixed at $215.70 (£108.939) in the morning. The highest level touched was $215¾-216¼ shortly after the morning fixing, and following an afternoon fixing of $215.75 (£108.855), the metal eased as the dollar made a late recovery.

In Paris the 12½ kilo gold bar was fixed at FFr 28,950 per kilo ($212.57 per ounce) yesterday afternoon, compared with FFr 28,980 ($214.22) in the morning, and FFr 28,750 ($207.08) Friday afternoon. In Frankfurt the 12½ kilo bar was fixed at DM 13,500 per kilo ($215.91 per ounce), compared with DM 13,585 ($216.10) previously.

	Aug. 16	Aug. 15
Gold Bullion (a fine ounce)		
Close	$214½-215½	$213-213½
Opening	$214½-215½	$213-213½
Morning fixing	$215.70 (£108.939)	$215.30 (£108.851)
Afternoon fixing	$215.75 (£108.855)	$213.20 (£107.270)
Gold Coins domestically		
Krugerrand	$220-222 (£111½-112½)	$219½-221½ (£110½-111½)
New Sovereigns	$59½-60½ (£29½-30½)	$59½-60½ (£29-31)
Old Sovereigns	$59½-61½ (£30½-31½)	$60-62 (£30½-31½)
Gold Coins internationally		
Krugerrand	$220-222 (£111½-112½)	$219½-221½ (£110½-111½)
New Sovereigns	$58½-60½ (£29½-30½)	$58½-60½ (£29½-30½)
Old Sovereigns	$59½-61½ (£30½-31½)	$60-62 (£30½-31½)
$20 Eagles	$310-312	$310-312
$10 Eagles	$165-170	$165-170
$5 Eagles	$110-115	$110-115

UK MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Yesterday was the third Wednesday in the month, and therefore published figure day for London banks. The recently introduced "corset" controls put a rather different complexion on trading from previous months however, and instead of banks offering very attractive rates to discount houses to keep in line with their reserve asset requirements and ensure that eligible liabilities remained as high as possible ahead of any new controls, the banks were concerned to fine tune their positions, in order to prevent penalisation under the "corset" restrictions.

Money did fall very sharply in late trading, but this was simply a reflection of the overall surplus of credit, rather than an indication of conditions peculiar to make-up day.

Conditions were rather patchy overall, with some houses paying 8½-8¾ per cent for secured call loans, although closing balances were found at 1½-4 per cent, with rates coming off sharply near the close.

In the interbank market overnight loans opened at 8½-8¾ per cent, and fell to 5 per cent in the afternoon, before closing at 1-2 per cent.

The authorities absorbed part of the surplus by selling a small amount of Treasury bills to the houses.

Banks brought forward lightly run down balances, the authorities resold a small number of bills to the market, and there was a slight net take-up of Treasury bills to finance. On the other hand there was a modest fall in the note circulation, and Government disbursements were substantially in excess of revenue payments to the Exchequer.

LONDON MONEY RATES

Aug. 16 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	1-8¼	—	—	—	8	1½-8¼	—	—	—
2 days' notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅛	—	—	—	—
7 days' notice	—	8½-8¾	9-9⅛	—	9⅛-9¼	—	8½	—	—	—
One month	9⅛-9¼	[illegible]	9-9⅛	9½-9⅝	9¼-9⅝	9⅜-9½	8¾-9	[illegible]	9-9¼	9⅞
Two months	[illegible]	9⅛-9⅜	—	9⅜-9½	9⅜-9½	—	8⅞-9	[illegible]	9⅛-9¼	9⅞
Three months	9⅛-9¼	9⅛-9¼	9⅛-9¼	9¼-9½	9⅜-9⅞	9⅜-9½	9	8⅞-9	[illegible]	9⅞
Six months	[illegible]	[illegible]	9¼	9	9½-10	—	—	—	[illegible]	10½
Nine months	[illegible]	[illegible]	—	9⅜-9½	10	—	—	—	—	—
One year	[illegible]	[illegible]	9¾	9½-9¾	10¼	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 10¾-11 per cent; four years 11¼-11½ per cent; five years 11¼-11½ per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9¼-9 5/16 per cent; four-month trade bills 10¼ per cent.

Approximate selling rates for one-month Treasury bills [illegible] per cent; and two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills 9⅞ per cent; two-month 9⅞ per cent; and three-month 9⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9923 per cent.

MONEY RATES

NEW YORK	
Prime Rate	9
Fed Funds	7.9375
Treasury Bills (13-week)	7.02
Treasury Bills (26-week)	7.32
GERMANY	
Discount Rate	3
Overnight	3
One month	3.45
Three months	3.65
Six months	4
FRANCE	
Discount Rate	9.5
Overnight	7.375
One month	7.3125
Three months	7.4375
Six months	7.9375
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.75

WORLD STOCK MARKETS

Dow rises 7.4 on Carter's dollar concern

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—100% (101¾%)
Effective $1.9760—52% (53¼%)

WIDESPREAD GAINS were scored in active trading on Wall Street yesterday, when the Stock Market responded to President Carter's expression of "deep concern" over the recent plunge of the dollar on Foreign Exchanges.

The Dow Jones Industrial Average moved up 7.45 to 894.58 and the NYSE All Common Index rose 45 cents to $58.93 — each at new 1978 closing highs — while advances led declines by a two-to-one majority. Trading volume expanded 6.35m shares to 36.14m.

The White House announced that President Carter met with Mr. Blumenthal, Treasury Secretary, and also Mr. Miller, Federal Reserve Board chairman, because of the President's "deep concern" over developments in the Foreign Exchange Markets recently. The dollar has been plunging against all major foreign currencies.

The Fed chairman said the Fed was considering what might be done about the dollar.

Money Market specialists say the Fed moved to tighten credit policy, in part to shore-up the dollar and also in response to the problem of inflation in the U.S. The specialists say the Fed indicated by its Money Market action that it had raised its target rate on Fed funds to at least 8 per cent from 7¾ per cent. They added that the Fed appeared likely to raise its discount rate before the end of the week as another means of propping up the dollar.

International Business Machines jumped $5 to $295½, **Eastman Kodak** rose $2 to $67¾, **Polaroid** $ to $54¼, **Du Pont** $1¼ to $129¼, **Teledyne** $2 to $106¼ and **Burroughs** $2¾ to $84¾.

United Brands picked up $¾ to $12¾ on improved second quarter earnings and it said it would pay all past due dividends on its preferred stock and a year-end dividend on common.

NL Industries, the most active issue, picked up $¾ to $24.

Champion International gained $¾ to $24¾—a 100,000 share block moved at $24¾. **Hercules** gained $1 to $18.

SCM rose $1¾ to $21¾ and **Xerox** $1¾ to $63¼—a Federal Jury awarded SCM $25.6m in damages in addition to $11.7m previously awarded in its anti-trust suit against Xerox.

Wieboldt Stores gained $1¼ to $11 and **Koehring** $1¾ to $23.

Pope and Talbot advanced another $1 to $34¾ on rumours of a possible takeover by American Can, which American Can denied.

Unitrode put on $¾ to $18¾ on higher second-quarter net earnings.

THE AMERICAN SE Market Value Index gianed 1.17 to 162.73, again setting a record. Volume of 6.45m shares was up from 4.56m on Tuesday and the highest since 8.55m shares traded February 20, 1976.

Instrument Systems again topped the active list, adding $¼ at $1¾ on a turnover topping 1.6m shares. It reported higher fiscal third quarter net earnings and a sharp rise in its order backlog.

Active **Shenandoah Oil** rose $1¾ to $36 although it reported a loss for the second quarter. **Resorts International A** gained $1¼ to $88 and **Prime Motor Inns** $2 to $16¾.

Canada

With the exception of Golds and Papers, all other sectors moved ahead in active trading on Canadian Stock Markets yesterday, when the Toronto Composite Index rose 10.1 to 1,234.0.

The Metals and Minerals Index put on 8.6 to 1,036.6, Oil and Gas 10.4 to 1,599.3, Utilities 2.38 to 169.52 and Banks 1.40 to 288.67. But Golds shed 2.0 to 1,570.0 and Papers eased 0.37 to 132.11.

Canadian Pacific improved $1¾ to $23¼ on its higher net earnings reported earlier this week.

Among other companies with higher earnings, **Inter-City Gas** gained $¾ to $8, **Canadian Marconi** $1 to $9¾, **Power Corporation "A"** $¾ to $18¾ and **Steep Rock Iron** 15 cents to $2.80.

Alcan Aluminium rose $¾ to $35¾—it will sell its 21 per cent holding in Granges Essem AB for $28m.

Brussels

Belgian shares were mostly lower in moderate trading.

Steels were down with **Clabecq** off BFr 30 to 1,570.

Electrics were mixed, while Metals declined. **Vieille Montagne** lost BFr 40 to 1,360.

Chemicals stood out with gains. **Gevaert** inched up BFr 10 to 1,350. Holdings and Oils were mixed to slightly lower. **Petrofina** slipped BFr 5 to 3,795.

Zaire shares were mixed. **Finoutremer** lost BFr 40 to 1,036, while **KDL** improved BFr 4 to 140.

French and Dutch stocks were better in a steady European list. **Philips** gained BFr 11 to 395 and **Peugeot** rose BFr 100 to 3,800. West German shares were less in demand. **Siemens** dropped BFr 105 to 4,690.

South African Golds attracted few buyers.

U.S. shares were mostly lower.

Tokyo

Prices were a little higher but trading continued thin. Volume 210m (same) shares. Most investors apparently took a wait-and-see attitude despite the easing of the yen against the dollar on the Tokyo Foreign Exchange Market.

Some Light Electricals rebounded on technical factors. However, such export-related issues as Motors and Precision Instrument Makers generally eased. But "low-priced" Chemicals advanced.

Toyo Kogyo rose Y14 to Y338, **Minolta Camera** Y10 to Y460, **Toyo Ink** Y43 to Y690 and **Toyoma Chemicals** Y58 to Y818.

Paris

The market eased in quiet trading with investor attention largely directed to the Gold Market and the instability of the dollar on the Foreign Exchange Market.

Banks and Steels were steady against the overall trend, while **Kleber, Dumez, Lafarge, Ciments Francais, Esso, Petroles BP** and **Ferodo** weakened.

Peugeot-Citroen shed FFrs 8 to 486, while **CGE** dipped FFrs 4.5 to 381 on lower first half year 1978 portfolio revenues.

The large number of other first half year sales results, which were announced on Monday, made little impact.

Foreign shares were mixed. Golds eased while Coppers were maintained.

Germany

Prices firmed slightly. **Volkswagen** moved up DM 4.2 to 241.0. **Mas** added DM 5 at 202.5, but **Deutsche Babcock** lost DM 3.20.

Most Stores were little changed. **Bayer**, off DM 1.6 at 134.2. Chemicals lower, while Banks were steady to weaker and Steels little changed.

Public sector Bonds eased, despite DM 6.9m worth of Bundesbank purchases.

Mark Foreign Loans were steady to firm.

Switzerland

Prices rose slightly in hesitant trading following the recovery of the dollar and the mark.

Banks fluctuated and Insurances were well maintained. Among Industrials, **Saurer Bearer** rose on renewed heavy speculative demand.

Domestic and Foreign Bonds rose in livelier trading.

On the Foreign sector, Dollar stocks, Dutch and German shares gained following the easier trend of Swiss franc against other currencies. French stocks edged higher.

Australia

Resource stocks were strongly supported in the wake of the Federal Budget, described by brokers as an Investors' Budget with a heavy emphasis on luring back foreign investment.

BHP rose 40 cents to A$8.36. **Ampol Exploration** improved 8 cents to A$1.50 bid on an increase in the price for domestically-produced crude oil. **Woodside** were up 5 cents to 90 cents.

Uraniums also received a lift from news the Government will increase expenditure on the development of the Ranger project.

Overseas demand helped **Mount Isa** rise 10 cents to A$2.50 and **Hamersley** 10 cents to A$2.60. **Bougainville Copper** firmed 3 cents to A$1.54. **Central Norseman** advanced 25 cents to A$10.75 on record gold prices.

Banks were boosted by the prospect of lower interest rates arising from the Budget. **Bank of NSW** were 4 cents higher at $A6.40 and the **ANZ** 5 cents at A$32.0.

Amsterdam

Prices closed firmer over a broad front with **Philips** Fl 1 higher at Fl 26.5 on the increased profits, particularly in the second quarter.

Akzo shed Fl 0.30 to 31.2 on its expected third quarter loss. Other Internationals were very firm, with **Unilever** up Fl 2 at 121.7.

KLM advanced Fl 3 to 153.5 on the higher July load factor.

Banks were firm, with **NMB** up Fl 2.2 to 197.2 on its higher first half year profit.

The few lower issues included **Heineken, Van Ommeren** and **IHC**.

State Loans were little changed.

Hong Kong

The market eased slightly in fairly active trading and the Hang Seng Index fell 4.44 to 643.54.

Jardine Matheson dipped 40 cents to $HK18.10, **Hong Kong Land** 30 cents to $HK12, **Hutchison Whampoa** 5 cents to $HK7 and **Wheelock** 2½ cents to $HK3.50.

China Light lost 40 cents to $HK29.60, and **Cheong Kong** 20 cents to $HK13.00. **Hang Lung Bank** rose 10 cents to $HK7 and **City and Urban** 5 cents to $HK1.65.

Johannesburg

Gold shares were steady in afternoon trading after opening easier, but dealers noted the high securities Rand Rate was still inhibiting overseas interest.

Mining Financials were mostly unchanged.

De Beers rose 5 cents to R7.75 on U.S. interest.

Coppers were mixed while Platinums were a few cents harder. The Tin sector also was mixed.

Asbestos counters were very steady while Coals were firmer across the board.

Industrials were irregular in quiet trading.

Indices

NEW YORK —DOW JONES

	Aug. 16	Aug. 15	Aug. 14	Aug. 11	Aug. 10	Aug. 9	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrial	894.58	887.13	888.17	890.55	885.45	881.63	894.58 (16/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.81	88.88	88.95	88.85	88.95	88.96	[illegible]	86.75 (11/7)	—	—
Transport	250.58	247.87	247.75	247.57	246.45	249.58	250.58 (16/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.77	106.75	106.87	107.27	107.41	107.48	110.98 (6/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	36,140	29,790	32,820	35,650	38,850	45,660	—	—	—	—

* Basis of index changed from August 24

	Aug. 11	Aug. 4	July 28	(Year ago approx)
Ind. div. yield %	5.26	5.25	5.47	6.13

STANDARD AND POORS

	Aug. 16	Aug. 15	Aug. 14	Aug. 11	Aug. 10	Aug. 9	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	115.82	114.87	114.89	114.65	114.57	115.55	115.82 (16/8)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
Composite	104.65	103.85	103.97	103.96	103.66	104.50	104.65 (16/8)	86.90 (6/3)	125.65 (11/1/73)	4.40 (1/6/32)

	Aug. 9	Aug. 2	July 26	Year ago (approx.)
Ind div. yield %	4.70	4.76	4.95	4.49
Ind. P/E Ratio	9.97	9.78	9.40	10.06
Long Gov. Bond yield	8.32	8.45	8.56	7.70

N.Y.S.E. ALL COMMON

Aug. 16	Aug. 15	Aug. 14	Aug. 11	1978 High	1978 Low
58.93	58.48	58.56	58.55	58.93 (16/8)	48.37 (6/3)

Rises and Falls

	Aug. 16	Aug. 15	Aug. 14
Issues traded	1,914	1,893	1,917
Rises	998	597	816
Falls	532	878	702
Unchanged	384	415	399
New Highs		—	173
New Lows		—	3

MONTREAL

	Aug. 16	Aug. 15	Aug. 14	Aug. 11	1978 High	1978 Low
Industrial	200.20	199.87	199.75	199.66	200.25 (9/8)	162.90 (16/2)
Combined	208.66	207.59	207.56	207.20	208.66 (16/8)	170.82 (30/1)
TORONTO Composite	1234.6	1224.5	1226.5	1225.5	1234.6 (16/8)	998.2 (30/1)
JOHANNESBURG Gold	265.5	267.8	272.0	271.5	287.4 (1/8)	186.0 (21/4)
JOHANNESBURG Industrial	260.8	266.1	261.9	261.5	265.1 (15/8)	194.9 (15/2)

NEW YORK

CANADA

GERMANY

TOKYO

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

SPAIN

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

STOCKHOLM

COPENHAGEN

MILAN

VIENNA

WEDNESDAY'S ACTIVE STOCKS

Securities Rand U.S.$76¼ (Discount of 33.48%)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1057

FARMING AND RAW MATERIALS

Confusion on coffee market

By Richard Mooney

AFTER a day of confused trading, London coffee futures prices closed little changed yesterday.

Values continued Tuesday's fall in early trading and the November position sank to £1,253 a tonne at one time. But as dealers reassessed the Brazilian crop situation November coffee was boosted to £1,320 a tonne before falling back near the close to £1,293 a tonne, up £1 on the day.

Conflicting weather reports from Brazil have led to a confused situation with some traders saying frost fears seem to have subsided and others that damage may be worse than had been anticipated. Reports that damage has been done as far north as Minas Gerais have worried some dealers.

Meanwhile, Sr. Camillo Calazans, president of the Brazilian Coffee Institute, has estimated the crop losses at 3.5m bags (60 kilos each), but most London traders see this figure as a sizeable exaggeration.

Call to reopen Brazil soya dumping study

BRUSSELS, August 16.

THE EUROPEAN Oilseeds Industry Association has asked the EEC Commission to re-open the anti-dumping case against Brazilian soyabean meal which it closed last November, Association officials said here.

However, they said no decisions on the case were expected until next month at the earliest, when most of the Commission's officials return from holidays.

They declined to detail their complaint, but EEC sources said European seedcrushers felt that Brazil was not respecting the agreement which led to the case being closed last year.

Last November Brazil agreed to raise its export tax on soyabean me al to 11.1 per cent by November 1978, bringing it more in line with the 13 per cent export tax then ruling on its bean exports.

The European crushers had objected that the previously large difference between the two taxes made it impossible for them to import Brazilian beans to crush in Europe at a profit.

However, from May 1 this year Brazil cancelled its tax on exports of soyabean meal, saying this was partly to offset an increase to 9.6 per cent from 5 per cent previously, in its internal sales tax, which had been commitment to the EEC.

Reuter

Peru cutback offsets Zaire copper boost

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES see-sawed on the London Metal Exchange yesterday when a report that supplies from Zaire may be increased was later countered by news that Peru is cutting back deliveries further still because of labour problems.

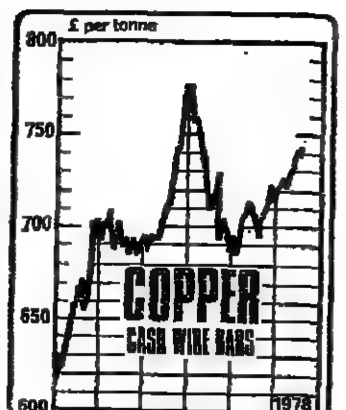
A final twist was added by President Carter's announcement of measures to boost the dollar causing a sharp downturn in the New York market, which depressed London copper prices in late dealings.

Cash wirebars closed £4.25 up at £642.5 a tonne, but the market fell back in after-hours dealings, with three months wirebars trading at £754 a tonne, shedding virtually all the earlier gain.

It was confirmed by Sozacom, the Zaire state metals marketing company, that Zaire would lift the 50 per cent force majeure on copper deliveries imposed from July 1 following the invasion of the Shaba province that disrupted production at the Kolwezi mines.

However, a spokesman said that a decision on the exact date on which the cutback in supplies would be lifted had not been made yet.

He added that Sozacom had been considering removing the *force majeure* for some time and a decision on the date of its removal would be taken very soon.



Copper production in Shaba is now higher than it was before the invasion last May, it is claimed.

Not long afterwards the Southern Peru Copper Corporation announced it had declared a full *force majeure* on its shipments of blister copper, because of the continued strike by workers in the copper industry.

The company said the cutback in supplies would affect direct shipments of blister copper to customers in the UK, Japan, the U.S. and Peru. It would also in the short term reduce the tonnage of the toll refined cathode copper returned to Southern Peru from the Ilo refinery, and it is anticipated shipments of refined cathodes will be reduced or suspended within the next few days.

Latest reports from Lima suggest that deadlock has been reached in efforts to end the strike. Miners' leaders said there could be no settlement until the Government and private companies agreed to re-hire workers fired in earlier stoppages.

The miners are also demanding the repeal of a Government decree declaring a state of emergency in the mining industry and banning strike action.

The conflicting influences, especially the continual changes in exchange rates, have brought the copper market to life in the normally dull month of August, according to a review of the market issued yesterday by London brokers, M. C. Brackenbury.

The review points out there will be a shortfall in copper production this year against demand for the first time since 1973.

It claims that base metal prices, particularly copper and lead, are in an upward trend which before the end of the year could take the markets near to the highest levels reached last year.

U.S. soya crop rise forecast

CHICAGO, August 15.

THE U.S. *soyabean crop is now likely* to exceed the 1,765m bushels forecast on August 1 by the U.S. Department of Agriculture because of favourable growing weather since then, according to Donald Frahm, senior economist at the American Soyabean Association.

Mr. Frahm, speaking at the association's annual meeting in Chicago, also predicted that the *1979 Brazilian soyabean crop* would be about 13m tonnes, based on current market prices and assuming normal weather conditions.

He said land planted to soyabeans in Brazil will probably rise next season, but present prices would not encourage a dramatic expansion. He doubted whether the reported target of 14m tonnes could be reduced since it would require better than normal weather.

Brazil has only small amounts of soyabeans and soyabean oil left to export until the new crop harvest next March, he pointed out. But "*some meal*" would be available until then.

Whether the Soviet Union buys Brazilian or U.S. soyabeans in the coming months will depend mostly on price, Mr. Frahm added.

He predicted that the Soviet Union would be a consistent buyer of soyabeans, with purchases of at least 1m tonnes and a maximum of 2m tonnes.

A forecast that world demand for U.S. soyabeans will rise by 50m bushels in each of the next five years, was made by John Reed, vice president and general manager of the Continental Grain Company's processing division.

Most of the growth will come from developing nations in the Middle East and South-East Asia, he said.

But Mr. Reed added that China, with its huge population and efforts to improve diets, offered more potential as a large buyer of soyabean oil rather than soyabeans.

Mr. Brian Rutherford, chief buyer for BOCM Silcock, the Unilever subsidiary, said the role of the U.S. soyabean producer in the world market continued to expand but increasing production in other countries was likely to bring pressures.

Reuter

HIGHER JUTE PRICE SOUGHT

NEW DELHI, August 16.

Three State governments have asked the Indian Central Government to increase the minimum price of raw jute, Minister of State for Industrial Development, Abha Maiti, told Parliament today.

She said West Bengal had recommended that the minimum price should be raised to at least Rs250 per 100 kilos from the current Rs150 while Orissa and Tripura had asked that it be raised to Rs180.

World sugar prices higher

SUGAR PRICES on the London futures market moved higher yesterday but dealers could offer no confident explanation for the advance. The Londo daily price was *unchanged at £92 a tonne* in the morning but the December position on the terminal market gained £2.4 to £95.775 a tonne by the close.

Some market traders suggested that the imminence of buying tenders in Sudan, Jordan and Egypt may have encouraged the rise, but others said that with New York prices at a discount to London, they could not understand why prices had not declined.

Another factor possibly aiding the advance was news that the U.S. House of Representatives trade sub-committee had voted for a 15 cents a lb "floor" price for sugar. Though higher than the 14.5 cents favoured by the Carter administration, this is lower than the 16.5 cents proposed by the House Agriculture Committee.

hrrW8 etaoin shrdlu cmfwyp vbg

In Brussels, the EEC Commission authorised sales of 39,250 tonnes of white sugar (43,500) for export at its weekly tender.

The maximum export rebate was raised to 25.509 units of account per 100 kilos from 25.491.

● East Germany has acceded to the 1977 internation sugar agreement, the UN's office of legal affairs said.

So far, 39 exporting countries and 16 importing countries have expressed their intention to be bound by the agreement, which came into force provisionally on January 1.

EEC rebates for chemical companies

THE CHEMICAL Industries Association has negotiated a rebate on Common Market sugar that will be worth up to £1m to British pharmaceutical companies and food additive manufacturers.

The EEC abolished rebates on sugar in 1974 but they were re-introduced at the beginning of this month and UK chemical companies can now expect to receive back £22 on every tonne of Common Market sugar that they buy. The sugar is used chiefly in the production of vitamins, food additives and antibiotics such as penicillin.

Re-introduction of the rebates is expected to push up the UK chemical industry's consumption of EEC sugar from 77,000 tonnes last year to 94,000 tonnes this year—still slightly less than in 1974 when the rebate was abolished.

SOUTH AFRICAN FARM EXPORTS

State boards squeeze out private traders

BY BERNARD SIMON

JOHANNESBURG, August 16.

TEMPERS ARE rising in a long-simmering dispute between South Africa's commodity traders, most of whom represent international trading houses, and *the agricultural control Boards.*

The Boards, which co-ordinate production and marketing of a wide range of farm products such as maize, wheat, meat, oilseeds and eggs, are increasingly bypassing private traders by concluding direct export sales with foreign governments and other buyers.

The main culprit is the Maize Board, which is currently executing a three-year contract for the supply of 1.35m tons of maize to Taiwan, and recently concluded a deal with Mauritius. It has also sold directly to Venezuela, although this business has since reverted to the traders, who claim the Board was unable to handle the complexities of the situation.

The brokers fear that the Board may have further plans up its sueeve. Negotiations for another long-term contract with Taiwan will get under way early next year.

In a comment which aptly reflects the traders' feelings, one broker said at the time of the conclusion of the present Taiwan contract: "They've pinched our customers again. If the Board had found themselves a new market, I would take my hat off to them, but they have merely taken ours."

Similarly, in the case of the Board's contract with Mauritius, *a broker complains that* "the trade has negotiated sales to Mauritius for years."

Several other Boards are also *coming in for heavy criticism.* Since its formation in the 1950s, the Oilseeds Board has given an exclusive agency for the marketing of its products in Europe and Canada to the Overseas Farmers' Co-operative Federations. As a result, say th etraders, they are not allowed to execute enquiries reaching them from prospective buyers.

In reply to the Board's contention that its agent has the necessary technical knowledge to handle its foreign business and has always given *good* service, traders ask that they should at least be given the chance to compete.

Private potato exporters have also been cut out of several foreign markets, such as Hong Kong and Mauritius, by the Potato Board's *appointment of* exclusive agents there, while the Egg Board now sells direct to several areas previously serviced by *private traders.* The latter claim that they did the spadework in getting South Africa a foothold in the markets concerned.

In a thinly-disguised attack on the control boards, Mr. Louis Lewis, chairman of the Grain and Produce Shippers Association—whose members account for exports worth about R500m a year and who represent such well known trading houses as Bunge, Trada, Cook Industries and Continental Grain—said in his annual report last week:

"*It is not generally realised* or fully appreciated that through the organisations represented by the Association, the agricultural *sector is being servised by the* world's leading grain houses who employ the most sophisticated marketing techniques available."

Mr. Lewis pointed out that tradrs have never failed to bid for any cargo of maize put up for tender by the Maize Board. He added that "our member organisations possess expertise at worldwide matching of materials, suppliers and buyers, catering to the specific and often complex requirements of the parties concerned."

Traders thus argue that the boards' information - gathering and marketing facilities are far more limited than theirs.

Appeals by the traders to the Government to discipline the control boards' export activities have so far met with little success. *They insist that they will* not let the matter rest, saying that it is hardly in the Pretoria Government's best interests at *presentio antagonise* unnecessarily some of the world's leading trading houses.

For its part, the Government says that while it recognises the part which private enterprise plays in South Africa's agricultural exports, and that perference *should be given* to the traders in the export of controlled products, there are circumstances where it is desir*able for the control boards* to step in.

Mr. Hendrik Schoeman, the Minister of Agriculture, claimed *this week* that some foreign importers preferred doing business on a Government-to-government level. Moreover, some *control* boards have been compelled to handle foreign sales, because "exports take place at a loss, or at least originally, were sold at a loss."

Mr. Schoeman added: "Importers have in these cases become used to dealing directly with the boards, and prefer to continue with this arrangement."

U.S. wheat deal 'set aside' unchanged

BY OUR OWN CORRESPONDENT

THE ANNOUNCEMENT of an unchanged 20 per cent "set-aside" programme for the 1979 crop of U.S. wheat brought some early selling on the Chicago grain futures market yesterday, since it was in line with general expectations.

Mr. Bob Bergland, U.S. Agriculture Secretary, announcing the set-aside programme, forecast it would result in wheat prices of around $2.75 a bushel. That compares with an average price of $2.31 for 1977-78, he added.

The goal was "to eliminate the boom and bust cycles which have characterised the farm economy."

The Administration was still pressing hard for success at the International Wheat Agreement negotiations, and trying to impress upon other countries that adjustments in wheat acreage, production and marketing are of global concern.

Mr. Bergland said the *1979* wheat programme would include a 15 per cent voluntary reduction from 1978 wheat planted. Farmers would then be eligible for target-price coverage on 100 per cent of the 1979 planted wheat acreage.

However, the loan rate, or market support price, would be unchanged at $2.35 per bushel.

The "set-aside" programme is voluntary, but farmers will not be eligible for USDA loans or disaster and deficiency payments if they do not comply.

For every 100 acres of wheat planted for harvest as grain, 20 must be set aside and planted in appropriate soil-conserving crops.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher but below the day's best levels on the London Metal Exchange. Forward metal moved up from £734 to £761 on teh pre-market owing to the situation in Peru and Chile before falling back to £752.3 on rumours—later confirmed—that Zaire was about to lift its force majeure. The price eased afresh to £750 prior to afternoon dealings but then lifted quickly to £760 owing to the force majeure declaration by Peru. However, the statement from President Carter concerning the recent fall in the dollar pushed Comex lower and resulted in London dipping to £753 on the late kerb. Turnover: 24,373 tonnes.

Copper	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	742.5-3	......	742-3	+4.25
3 months	758.5-9	+1	758-.5	—4.5
Settl'm't	743	......	—	......
Cathodes				
Cash	735.5-6	—1.5	736-7	+5
3 months	752-3	—.75	755-.5	—3.5
Settl'm't	736	—1.5	—	......
U.S. Smt.	[illegible]	......	63-66	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £743, three months £760, 61, 60, 59, 58.5, 59, 58.5, 59. Cathodes, cash £735.5, three months £753, 52.5. Kerb: Wirebars, three months £757.5, 57, 55, 54.5, 54, 53.5. Afternoon: Wirebars, three months £753, 55.5, 54, 58, 57, 58, 57.5, 57, 57.5, 58. Kerb: Wirebars, three months £757, 56.5, 57.

TIN—Moved ahead. Forward metal rose to £6,740 in the morning, reflecting the steadiness of the Penang market but then eased off to £6,700 owing to hedge selling, coupled with the downturn in copper. However, in the afternoon fresh buying saw the price recover to close at £6,740 on the late kerb. Turnover: 1,095 tonnes.

[illegible]

COFFEE

ROBUSTAS eased in the morning following the sell-off in New York the previous night, but new buying steadied the market at about £20 to £30 lower. [illegible]

RUBBER

[illegible]

SILVER

[illegible]

COCOA

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

HIDES—Leeds: Tanners resisting higher prices. 31-35½ kilos 38.5p per kilo, 36-50½ kilos withdrawn 60p, 22-25 kilos withdrawn 68p. Light cows 38.5p per kilo. No calf offered.

Extra finance for Sumatra smelter

TOKYO, August 16.

JAPAN AND Indonesia have agreed on additional investments and finances to cover a fund shortage of about Y161bn in a joint hydro-electric and aluminium smelting project in North Sumatra, Japanese Trade Ministry officials said.

The Indonesians agreed to raise their 10 per cent stake to 25 per cent through additional investment.

The rest would be covered by a Y95.1bn loan from a syndicate of Japanese Banks, including the semi-official Export-Import Bank of Japan, a Y35.5bn loan from the Overseas Economic Co-operation Fund, and a Y14.5bn finance from the Indonesian Government, the officials said.

Building costs were originally estimated at Y250bn, but this increased to Y411bn following a sharp rise in material and labour costs after the 1973 oil crisis.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 16 1978	+ or —	Month ago
[illegible]			
Coffee Future Nov.	£1,293	+1.0	£1,227
Cotton 'A' Index	73.5c	—0.25	71.05c
Rubber kilo	57.85p	+0.25	53.5p
Sugar (Raw)	£98	......	£83.5
Wooltops 64s kilo	281p	......	283p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. u July-Sept. q Sept. r Oct. s Sept.-Oct. y Aug.-Sept. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Aug. 15	Aug. 14	Month ago	Year ago
245.49	245.69	235.34	237.30

(Base: July 1, 1952=100)

REUTER'S

Aug. 16	Aug. 15	Month ago	Year ago
1443.3	1440.4	1418.4	1477.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 15	Aug. 14	Month ago	Year ago
Spot	367.16	363.48	351.27	351.38
Futures	356.43	355.35	335.75	326.17

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 15	Aug. 14	Month ago	Year ago
Sple Commdty	930.4	933.7	911.0	825.3

(December 31, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 168 tonnes, bringing the total for the week so far to 790 tonnes, F. W. Tattersall reported. *Modest operations were reported*, without any large scale demand. Users tended to concentrate on Latin American growths, although African qualities were not neglected.

U.S. Markets

NEW YORK, August 16.

Cocoa—Sept. 150.20 (150.25), Dec. 154.80 (155.05), March 150.70, May 147.83, July 144.80, Sept. 142.30, Dec. 139.63. Sales: 844 lots.

[illegible]

††Oats—Oct. 72.60 bid (72.80). Dec. 72.60 asked (72.80 asked). March 71.50 asked, May 71.50 asked, July 71.50 nom.

††Barley—Oct. 71.50 (71.80 bid), Dec. 72.20 (72.20 asked), March 72.30 asked, May 72.40 asked, July 72.90.

§§Flaxseed—Oct. 245.30 (249.50 bid), Nov. 244.10 bid (247.70 asked), Dec. 243.20 asked, May 249.50 asked, July 250.00.

Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 164.06 (167.08).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

Wool dearer

WOOL WAS generally dearer at yesterday's Australian auctions in Melbourne, Freemantle and Sydney.

The trade purchased 88.5 per cent of the 10,772 bales offered at Melbourne; 92.5 per cent of Freemantle's 13,369 bales; and 85 per cent of Sydney's 13,373 bales.

Australian Wool Corporation purchases at the sales amounted to 5.5 per cent, 6.5 per cent and 14 per cent respectively.

STOCK EXCHANGE REPORT

Quietly dull conditions persist but underlying tone helped by interim results from Tube Investments

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Encouraged by the better-than-expected half-yearly results from Tubes, up 8 to 420p, leading industrials picked up from a dull start yesterday. Earlier losses ranging to around 7 were reduced by a few pence or so and the FT 30-share index, which touched its lowest of the day at 11 a.m. with a fall of 3 points, rallied to close only 1.2 down on balance at 510.0. Fresh selling in the initial dealings was easily absorbed and by the end of the day the underlying tone was being described as steady to firm.

Among the occasional outstanding features, Shipbuilding shares recorded some good gains with buying interest stimulated by the nationalisation compensation terms for Hawker Siddeley announced late on Tuesday. Vickers put on 5 to 195p and Vosper 18 to 208p. Elsewhere, John Brown, up 14 at 480p, were bought on revived hopes of a bid from Hawker Siddeley now that the latter has settled payment for nationalisation of its aerospace interests.

Overall, however, it was a rther quiet and drab day with the majority of secondary issues giving a little further ground. Falls led rises by over about 5-to-2 in FT quoted Industrials and the FT-Actuaries All-Share index eased 0.4 per cent to 233.60.

Activity in British Funds was at a low ebb. Short-dated stocks were inclined harder. A little interest was shown in Exchequer 9¼ per cent, 1982, which improved 1/16 to 93 1/16xd, but little else worthy of note developed. The longer maturities held quietly steady until the announcement of the average earnings figures which tended to unsettle this area of the market and final quotations recorded losses of ⅛. The Government Securities index eased 0.06 to 71.09.

The premium opened at 102½ per cent in the investment currency market yesterday. This proved to be the highest of the day, with the rate soon easing to 98½ before an active two-way trade developed on institutional and arbitrage account which left the rate at 100 per cent, down 1¾ on balance. Yesterday's conversion factor was 0.6572 (0.6483).

Another quiet day in the equity market was reflected in Traded Options where the number of contracts done fell to 437 from the previous day's 504. What interest there was centred on ICI ahead of the interim results due on September 7, and 278 contracts were completed: the January 330 and April 330 series were particularly popular, recording 75 and 78 contracts respectively.

A penny harder immediately in front of the figures, UDT eased to 43p on the annual profits, before rallying after-hours to close 1½ higher on balance at 45½p. Elsewhere in a lethargic banking sector, the major clearers closed a shade harder with Midland 2 to the good at 364p. Overseas issues, however, gave ground on domestic and investment currency influences. Bankers N.Y. lost 1½ points to £28½ and Deutsche receded 1¾ to £119½.

Insurance brokers continued easier on cncern about the effects on U.S. earnings following the recent slide in the dollar. Sedgwick Forbes gave up 7 more to 455p and Willis Faber shed 5 to 273p. Brentnall Beard were a firm exception at 44p, up 4. Composites closed easier throughout with Royals 3 lower at 395p, after 390p, in front of today's interim results.

Following recent strength, activity in Distilleries became quieter and prices eased back on light profit-taking and lack of fresh buying interest. A. Bell, a recent pacemaker, reacted 6 to 288p, while Invergordon, 148p, and Highland, 152p, shed a penny apiece.

A modest two-way trade left a slightly easier bias in Building descriptions. Blue Circle closed descriptions. Blue Circle closed marginally lower at 295p, while recently firm Magnet and Southerns encountered profit-taking and shed 5 to 205p. Johnson-Richards Tiles eased 4 to 103p as bid rumours receded, while William Whittingham met selling and cheapened 2 to 37p. Ellis and Everard remained dull on the sale of their building supply division to Travis and Arnold and gave up 1½ more to 87p, a fall of 9 since last Thursday. Buoyant of late on the sharply higher annual profits, Vibroplant eased a couple of pence to 194p.

ICI and Fisons traded steadily throughout the session, and both closed unchanged on the day, at 400p and 378p respectively, after narrow fluctuations.

Wades up on bid

Wades Departmental stood out in Stores, the ordinary jumping 38 to 101p and the A 39 to 99p following the bid from Associated Dairies, 5 easier at 345p. Bourne and Hollingsworth added 3 more to 268p, after 273p, on hopes of early news of the bid discussions and F. W. Woolworth hardened 1½ to 72½p, after 73p, in response to the better-than-expected first-half profits. Marks and Spencer edged forward a penny to 88p after Press comment but Mothercare came on offer at 188p, down 6.

Still reflecting the record results, Louis Newmark rose another 10 to 215p. Dreamland edged forward 2 to 36p on the first-half return to profitable trading, while Philips' Lamp closed 5 better at 960p following the second-quarter figures. MK Electric improved 6 to 222p, but profit-taking in the wake of Tuesday's annual meeting left Racal Electronics 8 easier at 305p.

Following comment on the Government's compensation terms for the group's aviation and dynamics interests, Hawker returned at 9.30 am from its brief suspension 10 higher at 252p but then succumbed to profit-taking and fell away to close only 2 harder on balance at 244p. Other stocks awaiting compensation settlement terms made good progress with Vickers closing a further 5 better at 195p, while gains of 15 and 18 respectively were seen in Yarrow, 290p, and Vosper, 208p.

A particularly firm market since its excellent results in June, John Brown raced further ahead and closed 14 higher at a new 1978 peak of 480p on a revival of old rumours that Hawker may now launch a bid for the group. Tubes rallied from an initially nervous level of 404p before the announcement to close the day 8 better at 420p in response to the better-than-expected annual results and British Aluminium gained 25 to 735p, also after trading news. Revived demand left Expanded Metal 4 to the good at 80p.

Foods spent another quiet session. J. Sainsbury were unusually dull at 225p, down 8, for a loss of 18 so far this week. J. Bibby were also on offer at 253p, down 4, while Nurdin and Peacock, 88p, and Kwik Save, 85p, shed 3 apiece. RHM eased a penny to 38½p as did Tesco, to 50½p. Awaiting fresh developments in the bid situation, J. B. Eastwood shaded 2 to 145p; this compares with Imperial Group's 160p per share cash offer which has been extended until August 25 awaiting a decision as to whether or not the proposed merger will be referred to the Monopolies Commission.

Hotels and Caterers had an easier bias, but small speculative flurry lifted Epicure 2 to a 1978 peak of 19½p.

Johnson Corp down

Miscellaneous Industrial leaders plotted an irregular course in thin trading. Further profit-taking after recent strength ahead of the 100 per cent scrip-issue next month prompted a fresh decline of 8 to 607p in Pilkington, while Beecham gave up 5 to 705p, after 703p, and Bowater receded 2 to 199p. Reed International, however, improved 3 to 153p following an investment recommendation. Elsewhere, persisting suggestions that Hawker may use some of its compensation cash in acquiring the shares in the company it does not already own brought about a fresh rise of 4 to 169p, after 171p in J. H. Fenner. Macanie hardened 2 to 26p on Press comment and Alexander Russell added 3 to 67p following the chairman's report of the excellent start to the current year. By way of contrast, nervous selling ahead of next Wednesday's interim figures left Johnson Group Cleaners down 6½ at 99p, and profit-taking after the recent good rise led to a loss of 10 to 257p in Ricardo.

Motors and Distributors closed on a dull note on small scrappy selling and lack of interest. Still reflecting recent adverse Press comment, Automotive Products reacted 3 further to 78p. Lex Service eased a penny to 91½p in front of today's interim statement, while York Trailer lost a like amount at 54p on further consideration of the half-yearly report.

Buying interest in Newspapers and kindred trades became selective in a limited turnover. Associated Book Publishers were favoured and firmed 10 to 250p while, on the news that Godfey Davis had engaged the company as its advertising agency, left Saatchi and Saatchi modestly higher at 177p. In contrast, Poster shares were further unsettled by news that the Office of Fair Trading is proposing to refer the supply of roadside advertising to the Monopolies Commission. London and Provincial Poster shed 15 to 188p, More O'Ferrall 7 to 78p and Mills and Allen International 9 to 180p, after 172p. Elsewhere, encouraging interim results lifted Olives Paper Mill 2 to a 1978 peak of 46p, but the stagnant annual profits left Melody Mills 6 cheaper at 97p.

Properties receded on a lack of interest, but the leaders attracted a few buyers at the lower levels and consequently closed only modestly lower on the day. British Land shed a penny to 40p, after 39½p, and Stock Conversion 4 to 262p, after 260p. Firm the previous day on the chairman's annual statement, Allnatt London eased 3 to 230p, while small selling left Great Portland Estates 6 cheaper at 302p.

Awaiting today's interim figures, Shell encountered a little nervous selling and cheapened a couple of pence to 570p. British Petroleum remained steady throughout and closed unchanged at 864p. Speculative counter Siebens (UK) fell away to 356p on a withdrawal of support, but recovered in later dealings and closed 5 lower on balance at 370p.

Inchcape provided a dull spot at 370p, down 7, on the chairman's statement.

Capital issues were particularly depressed in lack-lustre Investment Trust. Dualvest fell 7 to 238p, while losses of around 6 were seen in Altifund, 208p, Triplevest, 160p, and City and Commercial, 122p. Elsewhere, Jardine Securities reacted 4 to 145p and City and Foreign Investment declined 5 to 84p. In Financials, Challenge Corporation reflected currency influences with a fall of 8 to 140p. London Merchant Securities, however, edged forward 3 to 118p for a two-day gain of 5 on continuing speculation on imminent reorganisation moves.

Ocean Transport closed 2½ harder at 117½p following a reasonable business. James Fisher moved up 3 to 175p, but P & O deferred, 89p, and Furness Withy, 249p, both finished 2 cheaper. Dealings in Lofs were suspended at 30p at the company's request pending a statement concerning the payment of £14m. by the government as compensation for the nationalisation of its wholly-owned subsidiary Austin and Pickersgill.

Among Textiles, Scottish English and European hardened 2 to 66p on the increased earnings.

Abercom Investments featured in South African Industrials, losing 13 to 112p on the sharply reduced earnings.

Australians mixed

The fluctuations in the investment currency premium caused erratic movements in prices of overseas mining issues, particularly Australians which, although mixed, had a very firm undertone following Tuesday's Federal budget.

Prices moved ahead strongly in overnight domestic markets and were marked up here at the outset.

Thereafter, a good two-way trade developed, particularly in the more speculative diamond exploration stocks, but the overall decline in the premium left prices showing an uncertain trend.

Conzinc Riotinto attracted some good buying and rose 6 to a 1978 high of 300p, while North West Mining and Haoma Gold hardened 2 to 62p and 44p respectively.

South African Golds remained volatile and closed showing fairly sizeable losses despite the firmness of the bullion price which was finally $1.5 higher at a record closing level of $214.875 per ounce, following the latest U.S. Treasury Gold auction result.

A decline in the bullion price in overnight U.S. markets prompted jobbers to mark down Golds here at the opening. The rally in the bullion price then encouraged some modest buying of shares but President Carter's statement that a committee is to be set up to investigate ways to deal with the problems set by the declining dollar brought in persistent U.S. selling orders which lowered prices at the close.

The Gold Mines index shed 4.8 more to 196.2—a two-day loss of 10.4.

Financials were easier overall in line with Golds.

In Coppers MTD Mangula fell 3 to 40p following civil unrest in the vicinity of the mine.

FINANCIAL TIMES STOCK INDICES

	Aug. 16	Aug. 15	Aug. 14	Aug. 11	Aug. 10	Aug. 9	A year ago
Government Secs.	71.09	71.15	71.09	71.28	71.33	71.24	70.91
Fixed Interest	72.89	72.89	72.80	72.89	72.89	72.82	70.18
Industrial Ordinary	510.0	511.2	513.5	514.8	514.0	516.2	485.3
Gold Mines	196.2	201.0	206.6	203.0	198.5	200.6	110.9
Ord. Div. Yield	5.28	5.26	5.26	5.26	5.27	5.24	5.05
Earnings Y'ld% (full)(*)	15.89	15.92	15.88	15.87	15.95	15.91	15.05
P/E Ratio (net)(*)	8.36	8.34	8.37	8.37	8.36	8.40	[illegible]
Dealings marked	5,646	5,097	5,618	6,064	6,717	6,221	6,143
Equity turnover £m.	—	71.24	69.16	98.78	188.47	145.17	92.57
Equity bargains total	—	21,347	17,322	23,054	26,369	25,414	17,162

10 am 508.9. 11 am 508.2. Noon 508.4. 1 pm 509.8.
2 pm 508.6. 3 pm 509.3.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=8.13.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.2 (9/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	[illegible] (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 16	Aug. 15
—Daily		
Gilt-Edged	148.8	145.3
Industries	207.2	184.5
Speculative	51.4	62.0
Totals	128.5	116.0
5-day Average		
Gilt-Edged	147.7	150.3
Industries	217.4	222.7
Speculative	60.0	62.3
Totals	132.7	135.3

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19

For rate indications see end of Share Information Service

Stocks favoured for the call were British Land, Lonrho, Charterhill, UDT, Ultramar, Swan Hunter, Westland, Lee Cooper, Johnson Group, Chaddesley, French Kier, Staflex International, BL, Central and Sheerwood, Sabah Timber, Mitchell Cotts, Cableform, Lister, Thomson Organisation, K Shoes and Cons. Gold Fields, while doubles were arranged in Cableform, Britannia Arrow, BL and Ultramar.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	125	—	142	—	—	—	862p
BP	800	78	—	105	—	150	—	"
BP	850	47	—	75	—	95	—	"
BP	900	24	5	51	—	72	—	"
Com. Union	140	18	—	20	—	25	—	156p
Com. Union	150	6	—	11	—	14½	—	"
Com. Union	160	1½	—	5	—	8½	—	"
Cons. Gold	160	39	14	40	—	[illegible]	—	194p
Cons. Gold	180	20	14	25	—	30	1	"
Cons. Gold	200	9	—	14½	1	19	—	"
Courtaulds	100	21½	—	23	—		—	119p
Courtaulds	110	12½	5	15½	—	19	—	"
Courtaulds	120	7	—	10	—	8½	—	"
Courtaulds	130	3	—	6	—	9½	—	"
GEC	220	91	—	97	—	-	—	308p
GEC	240	71	—	79	—	83	—	"
GEC	260	51	3	61	—	66	—	"
GEC	280	32	—	45	—	50	—	"
GEC	300	19	—	32	—	38	—	"
GEC	330	6½	9	16½	—	22½	—	"
Grand Met.	100	20	—	21½	—	25	—	118p
Grand Met.	110	12	1	16½	2	18½	6	"
Grand Met.	120	5½	10	10	—	8	5	"
ICI	330	72	10	72	75	78	78	398p
ICI	360	41	30	42	11	50	5	"
ICI	390	18	28	26	3	30	—	"
ICI	420	6½	50	16	—	18	8	"
Land Secs.	180	56	—	58	—	62	—	234p
Land Secs.	200	36½	10	41	—	45	—	"
Land Secs.	220	18½	7	24½	—	28½	—	"
Land Secs.	240	6½	20	12½	—	16	—	"
Marks & Sp.	60	31	—	30½	—	31	—	88p
Marks & Sp.	70	19½	3	20	0	21½	—	"
Marks & Sp.	80	11	5	11½	6	14½	—	"
Marks & Sp.	90	4½	5	7	7	9	4	"
Shell	500	85	—	84	—	95	—	570p
Shell	550	34	6	43	—	58	—	"
Shell	600	11½	—	25	6	34	—	"
Totals			217		115		107	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (86)

CORPORATION LOANS (1)
L.C.C. 5½pc '85-87

BANKS (1)
Cattle's

BEERS (1)
Wolverhampton Dud.

BUILDINGS (5)
Marshalls (Halifax), Westbrick Prods., Pochin's, Wiggins Constr., Taylor Woodrow

CHEMICALS (3)
Coalite Brs., Ransom (Wm.), Do. A N-V

STORES (4)
Cope Sportswear, Wades A, Home Charm, Woolworth

ELECTRICALS (5)
Best & May, Dreamland, Electronic Rentals, Perkin-Elmer 4pc

ENGINEERING (15)
Amal. Power, Brown (J.), Clayton, Expanded Metal, Flexidrive, Gruncast, Hawker Siddeley, Howden Group, Newman-Tonks, Lloyd (F. H.), M.L. Holdings, Martonair, Mollins, Sanderson Kayser, Spencer Gears, Tube Invs.

HOTELS (1)
Epicure

INDUSTRIALS (20)
AGB Research, Assoc. Sprayers, Cookway, Crane (J.), Dunk Group, Fenner (J. H.), Granada A, Hallam Sleigh, Har. Oformans, Lead Inds., Macanie (Lond.), Nationwide Leisure, Photo-Me, Pritchard Services, Pullman (R. & J.), Parkland Metal, Rowan & Boden, Russell (A.), Sale Tilney, Unilex

INSURANCE (3)
Provident A, Do. B, Trade Indemnity

MOTORS (1)
Heavys

NEWSPAPERS (2)
E. Midland Allied A, United Newspapers

PAPER (2)
Olives Paper Mills, Saatchi & Saatchi

PROPERTY (1)
Lond. Prov. Shop

SHIPBUILDERS (1)
Vosper

SHIPPING (2)
Fisher (J.), Mersey Dock

TEXTILES (3)
Lowes, S.E.E.T., Torn-Consulate

TOBACCOS (1)
Dunhill (A.)

TRUSTS (6)
Bishopsgate Trust, Jardine Japan, Kakuzi, Lond. Merchant

OVERSEAS TRADERS (1)
Harrisons & Crosfield

RUBBERS (2)
Harrisons Mly. Ests., Kuala Kepong

TEAS (1)
Singlo

MINES (3)
Tanganyika, Kamunting, Conzinc Riotinto, Gopeng Consol., Tronoh

NEW LOWS (3)

AMERICANS (1)
Genl. Elect.

MOTORS (1)
York Trailer

TRUSTS (1)
Bishopsgate Prop.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	12	400	—	401	328
BAT Inds.	25p	11	325	−2	346	267
Hawker Siddeley	25p	10	244	+2	252	166
Johnson Group Cleaners	25p	10	99	−6½	108	76½
Grand Met.	50p	9	116	−3	121	87
Marks & Spencer	25p	9	88	+1	90	67½
Burmah Oil	£1	8	75	—	77	42
Debenhams	25p	8	92	+1	110	84
GEC	25p	8	308	—	311	233
NatWest	£1	8	290	—	298	230
Vickers	£1	8	195	+5	193	160
Allied Breweries	25p	7	84	−1	94	78
BP	£1	7	864	—	896	720
GKN	£1	7	282	+1	290	248
Tate & Lyle	£1	7	182	—	218	164

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

* Percentage changes based on Tuesday, August 15, 1978 indices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups	Wed., Aug. 16, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Tues. Aug. 15 Index No.	Mon. Aug. 14 Index No.	Fri. Aug. 11 Index No.	Thurs. Aug. 10 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	242.06	−0.1	15.83	5.08	8.71	242.23	242.66	242.49	242.27	200.00
2	Building Materials (27)	220.44	−0.7	15.73	5.06	8.99	222.04	222.18	222.03	220.77	169.87
3	Contracting, Construction (27)	396.10	−0.2	17.56	3.75	8.29	396.96	392.27	388.25	387.02	282.17
4	Electricals (14)	522.94	—	13.72	3.52	10.14	522.87	526.40	526.19	525.66	421.95
5	Engineering Contractors (14)	350.36	−0.2	17.12	5.91	7.78	350.92	353.33	353.10	354.56	294.81
6	Mechanical Engineering (72)	193.65	+0.4	16.90	5.60	7.93	192.98	193.14	193.27	193.03	170.60
8	Metals and Metal Forming (16)	176.71	−0.1	15.94	7.99	8.54	176.96	177.67	178.24	179.46	160.48
11	CONSUMER GOODS (DURABLE) (52)	218.95	−0.4	15.82	4.79	8.80	219.83	220.92	220.30	218.46	192.17
12	Lt. Electronics, Radio TV (15)	266.81	−0.3	13.95	3.82	10.02	267.75	270.06	268.71	266.19	229.60
13	Household Goods (12)	188.69	−0.2	15.71	6.08	8.76	189.07	189.08	188.68	188.07	172.89
14	Motors and Distributors (25)	132.50	−0.5	18.90	6.08	7.35	133.21	133.22	133.30	132.25	118.86
21	CONSUMER GOODS (NON-DURABLE) (175)	219.42	−0.5	14.84	5.49	9.10	220.57	221.55	222.33	221.71	184.26
22	Breweries (14)	234.23	−1.3	14.82	5.99	9.28	237.26	239.06	239.31	239.31	192.46
23	Wines and Spirits (6)	281.80	−0.7	15.26	5.14	9.91	283.73	285.18	284.54	282.89	227.83
24	Entertainment, Catering (17)	266.90	−1.6	14.80	6.51	9.85	271.15	271.73	273.33	274.12	229.34
25	Food Manufacturing (21)	214.85	−0.4	17.58	5.15	7.52	215.72	216.25	215.08	214.41	186.49
26	Food Retailing (15)	223.36	−2.0	13.61	4.62	10.20	227.86	229.32	234.18	232.69	194.64
32	Newspapers, Publishing (13)	397.33	—	10.22	3.18	13.96	397.21	395.07	396.35	396.34	312.85
33	Packaging and Paper (15)	146.95	—	17.71	7.22	7.42	146.99	149.54	150.69	151.12	130.70
34	Stores (40)	209.31	+0.1	10.28	4.31	14.30	209.07	209.65	210.77	209.30	168.94
35	Textiles (25)	183.68	−0.1	17.69	7.54	7.38	183.91	185.45	185.61	184.09	166.21
36	Tobaccos (3)	257.95	−0.6	21.34	7.27	5.55	259.53	260.11	261.49	262.60	221.30
37	Toys and Games (6)	120.53	−0.5	18.83	5.30	6.34	121.18	122.07	121.67	121.96	107.77
41	OTHER GROUPS (98)	213.13	−0.3	15.16	5.48	8.63	213.77	214.55	215.14	215.01	193.74
42	Chemicals (19)	299.58	−0.1	16.76	5.98	8.12	299.95	300.80	301.32	301.05	269.23
43	Pharmaceutical Products (7)	277.37	−0.5	10.42	3.69	11.94	278.65	278.86	278.85	279.73	0.00
44	Office Equipment (6)	137.02	—	17.48	5.55	6.77	137.02	138.55	139.92	142.32	118.27
45	Shipping (10)	428.43	−0.1	16.87	7.15	7.30	429.04	432.66	436.83	454.70	505.73
46	Miscellaneous (56)	229.72	−0.5	15.78	5.78	8.43	230.77	231.70	232.35	233.68	193.68
49	INDUSTRIAL GROUP (495)	230.88	−0.3	15.24	5.34	8.86	231.60	232.44	232.86	232.56	197.83
51	Oils (5)	496.41	−0.2	14.85	3.98	7.30	497.30	499.29	502.66	497.20	515.28
59	500 SHARE INDEX	253.26	−0.3	15.18	5.14	8.60	254.08	255.02	255.66	254.98	223.64
61	FINANCIAL GROUP (100)	176.00	−0.5	—	5.48	—	176.87	178.12	178.73	178.54	147.85
62	Banks (6)	196.38	+0.3	23.80	5.96	6.30	195.87	197.98	199.18	198.51	157.40
63	Discount Houses (10)	222.69	−0.2	—	7.77	—	223.13	223.06	222.82	223.88	192.45
64	Hire Purchase (5)	166.93	+0.1	11.83	4.94	12.50	166.82	165.19	166.92	168.73	143.71
65	Insurance (Life) (10)	150.00	−0.9	—	6.07	—	151.31	152.98	154.11	154.67	113.99
66	Insurance (Composite) (7)	135.92	−0.9	—	6.35	—	137.13	137.88	137.96	137.11	124.21
67	Insurance Brokers (10)	358.37	−1.3	13.11	4.41	10.91	363.09	371.54	372.27	370.81	332.53
68	Merchant Banks (14)	83.99	−0.5	—	5.83	—	84.45	84.76	85.18	86.42	71.32
69	Property (31)	256.48	−0.7	2.82	2.93	69.43	258.21	258.18	258.04	258.61	202.74
70	Miscellaneous (7)	114.20	—	22.13	7.32	5.85	114.20	113.58	113.78	114.79	93.98
71	Investment Trusts (50)	238.78	−0.9	2.92	4.51	34.29	240.88	242.47	242.68	243.92	174.56
81	Mining Finance (4)	111.03	+0.1	15.89	6.22	7.66	110.88	112.26	110.76	108.34	96.54
91	Overseas Traders (19)	324.17	−0.4	16.70	6.91	7.45	325.42	325.44	323.97	323.41	282.07
99	ALL-SHARE INDEX (673)	233.60	−0.4	—	5.22	—	234.46	235.51	236.02	235.46	202.73

FIXED INTEREST PRICE INDICES

	British Government	Wed. Aug. 16	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.04	+0.05	0.35	6.39
2	5-15 years	115.79	−0.14	—	7.04
3	Over 15 years	122.06	−0.12	—	8.67
4	Irredeemables	129.02	−0.02	—	7.24
5	All stocks	113.70	−0.06	0.15	7.35

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Wed. Aug. 16	Tues. Aug. 15	Year ago (approx.)
1	Low Coupons	5 years	8.67	8.66	6.75
2		15 years	10.77	10.74	10.08
3		25 years	11.49	11.46	11.69
4	Medium Coupons	5 years	11.36	11.35	9.88
5		15 years	11.99	11.97	11.78
6		25 years	12.01	11.99	12.24
7	High Coupons	5 years	11.38	11.37	10.09
8		15 years	12.47	12.44	12.95
9		25 years	12.70	12.68	13.07
10	Irredeemables		11.51	11.50	11.65

		Wed., Aug. 16 Index No.	Wed., Aug. 16 Yield %	Tues. Aug. 15	Mon. Aug. 14	Friday Aug. 11	Thurs. Aug. 10	Wed. Aug. 9	Tues. Aug. 8	Mon. Aug. 7	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.38	†12.94	57.33	57.30	57.26	57.26	57.24	57.25	57.30	53.54
16	Investment Trust Prefs. (15)	51.67	13.45	51.67	51.57	51.57	51.57	51.66	51.66	51.66	51.22
17	Coml. and Indl. Prefs. (20)	70.66	12.95	70.49	70.47	70.47	70.19	70.19	70.19	70.04	69.33

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

Landowners reduce the scope for Highland training

BY JOHN LLOYD

THE HIGHLANDS and Islands Development Board is one of the more curious of the British State's instruments of intervention into the country's economic life. It operates in an area where feudal relations remained vital for centuries longer than elsewhere in the UK and though the clan system which underpinned these relations was largely destroyed after the Battle of Culloden in 1745, the economic power of *the great landowners—including* those chiefs who came to accommodation with the State before or after that defeat—was not destroyed.

It is a colourful exaggeration to say that these latter day chiefs—they are now often canny investment trusts and other financial institutions—are still feudal barons: but it is a pardonable one. They may not be able to raise clansmen to arms under their standards (the men of Sun Life raiding the Clan of the Commercial Union?) but they do retain the ability to do much as they wish with their often vast tracts of land. The use of that power can have and has had profound effects on the communities which live on (and off) that land.

For example: a man acquires or already owns land on which sheep are raised. A small community of people make their living by the sheep. The land*owner wants to use the land for* shooting or more plausibly and *profitably to rent to people who* want to shoot. The land is cleared of sheep and thus of people. The community is destroyed.

The "classic" in the recent annals of the Highlands Board is that of Dr. John Green a medical man from Sussex who bought *large tracts of the best* farming land on the island of Rassay from 1966 onwards and who bit by bit has turned the farmers off it.

Fallow

The islanders complained to the board who tried persuasion then compulsion: neither worked Dr. Green has let the land lie fallow though it now appears that he means to turn Rassay House into a hotel and to develop his land for tourism.

There are other examples notably on the island of Mull and in the Strath of Kildonan, both areas which the board has investigated carefully. In *these areas* a small number of landowners control a great deal of land and have proved impervious to suggestions from the Board that they should put *it to a productive use* or sell it to others who would.

Matters have evidently not improved. Between 1961 and 1969 opportunities for agricul*tural employment dropped by* 40 per cent; by 1970 24 per *cent of the people* lived off the land, an enormous figure by general UK standards but a large decline for Mull. That decline has continued: between 1969 and 1975 agricultural employment dropped a further 8.4 per cent. As with any primary industry that figure understates the problem: it is estimated that for every one person employed in agriculture in the Scots rural counties a further one and two thirds to 2 *workers are employed in a* service / local employment directly dependent on it.

There is of course the argument which runs: the continuing depopulation of the Highlands is no bad thing, for the Highlanders and islanders have since the 18th century moved *elsewhere and those who sur*vived the move have generally raised their standard of living by doing so. That is correct: but against that must be set the counter arguments first, that in a period of continuing high unemployment, there is no longer any need for the reserve army of labour which the High*landers used* to provide (nor incidentally are there expanding employment opportunities in the regular army among whose shock troops the High*landers like to be counted*): and second the land which is cleared is either let go to waste or used merely for hunting, neither of which contribute to *the store of agricultural pro*duce the country needs.

The Board naturally takes the latter argument but its hands have been tied. While it was thought on the Board's appointment in 1965 that it had powers of compulsory purchase this turned out not to be the case. To its chagrin when the Board tried to flex its muscles it found they were flabby.

The reason was that though Section 4 (1) of the Highland and Islands (Scotland) Act 1965 says: "For the purposes of any of their functions the Board may . . . acquire land compulsorily if so authorised by the Secretary of State." Sec*tion 4 (2) unhelpfully* qualifies this by saying that "the Acquisition of Land (Authorisation Procedure) (Scotland) Act 1947 shall apply in relation to the compulsory purchase of land by the Board."

That means in practice that before land may be purchased the exact purpose for which it is required must be specified. Local authorities wishing to build advance factories or a housing development have no problems: the HIDB, an authority in search of producers who are uncertain what they can do with the land until they possess and know it, cannot be so specific. On several occasions the Board was poised to acquire land but was advised by its lawyers that it could not prove its right to do so under the Act.

So now it wants to change the *rules.* Indeed its chairman since 1976 Professor (and now also Sir) Kenneth Alexander (on leave of absence from his chair of economics at Strathclyde University) insisted recently that if it did not get the rules changed it would be unable to carry out its statutory duties. *Professor* Alexander wants the power to purchase land compulsorily or to assign tenants to land without purchasing it, if it can be shown that the land is presently misused and that there is a substantial number of people in the local community—the suggestion is 10 per cent — who are prepared to support an alternative strategy for the land.

His proposals are thus radical on two counts. In the first place a criterion of "social use" or rather "unsocial misuse" is being employed as the basis for the purchase: and second the scheme relies on the enthusiastic participation of rural cadres.

The Board hopes that much of the initiative for designating land to be purchased will come from the local people, and the procedure for designation which is proposed assumes a local advisory committee which must approve the plans before they are put into effect. The owner, while he can call for a public hearing and in the end appeal to the *Secretary of State for* Scotland (the final arbiter of the plan), has no veto.

Professor Alexander's plans are almost certain to be accepted by a Labour Scottish Secretary: and perhaps by any future Tory holding the office as well. For he has guarded his flanks exceptionally carefully: his land development officer, Mr. *John Bryden,* has *toured* the National Farmers Union branches arguing to these generally far from radical men that the Board's plans discriminate in favour of working productive farmers. Only the unproductive, drones need worry and few are queuing up for inclusion in such a category.

Mr. Alex Murray, a Sutherland farmer who is chairman of the Highlands Committee of the Scottish NFU, is a strong supporter of the proposals. He points out that sometimes as many as 100 farmers will attempt to purchase one piece of land which might be used for sheep or cattle farming. "There is no shortage of productive farmers who want land and they are the people the board wants to get it. The landowners need have no fears if they're farming the land in a progressive fashion. It's only the extreme cases of misuse where these plans will apply."

Even the Scottish Landowners Federation is strangely muted, complaining gently this week that it does not like the *principle of compulsory pur*chase, but admitting that per*haps* there was some misuse of land, and awaiting further talks with the board before commenting further . . . Prof. Alexander seems to have cut the Landowners' *Gordian Knot.*

But there may be pockets of resistance. Lord Burton owns 5,000 acres a mere five miles from the board's modern headquarters in Inverness and "other bits and pieces" throughout the Highlands. In spite of his Anglo-Saxon name, his lineage *goes back to John Balliol*, briefly King of Scotland before upstaged by Robert the Bruce who defeated the English on whom Balliol had relied for his protection.

Mistakes

The Balliols are manifestly bad at choosing the winning side but still Lord Burton is unlikely to cede gracefully the case to *the modern* Cumberlands in Inverness. On a drive round the boarders of his estate he pointed out a variety of pieces of land which in his words had been "*nationalised.*" Here the local authority had acquired a plot for a cemetery ("water drains into that land: they'll have watery graves"): there a hospital had bought land for possibly expansion. They were overgrown with weeds. "That's what happens when you nationalise land," said Lord Burton.

"Farming and caring for the land is a difficult business. People from the town don't know what they're about."

He thumbed through Sir Kenneth's proposals. "Absolutely *terrifying*. I read these reports on Mull and on the Strath of Kildonan. Riddled with mistakes. What confidence can you have in people who make such mistakes?

"They have this idea that landowners are feudal lords. It's a nonsense I can't get rid of tenants I don't like. There's one I would very much like to get rid of. I can't. Some months ago someone wanted to buy a croft in the middle of some of my land. He got the Crofters Commission behind him and he got the right to buy it. What could I do? Nothing.

"These proposals are obviously meant to encourage people to sneak on others to the Highlands Board. Very bad."

Yet it is hard to see what Lord Burton and others who dislike the Board's plans can do. The Inverness branch of the NFU — to which Burton belongs—has stood against them refusing to invite Mr. Bryden to speak to them—but it is the exception. Other farmers are strongly in favour. The Highlands seem certain to be if not nationalised then at least mildly socialised.

Sir Kenneth has taken on centuries of privilege and appears to be winning. The knight is taking the castle.

FINANCIAL TIMES SURVEY

Thursday August 17 1978

Central American Banking

The turbulent political climate of the Central American region—where military dictatorships abound—might be thought to limit world interest. But its growth potential still attracts foreign investment, for reasons explained in this survey by Joseph Mann, our correspondent in Caracas.

Busy world within limits

FOR MANY visitors to this part of the world Central America means little more than a jigsaw pattern of little countries that happen to lie between Mexico and South America. Almost everyone has heard of the Panama Canal, banana republics and Central American coffee, but what else is there? In fact, there is a great deal more.

Central America is a patchwork of agricultural societies and political systems in transformation that share a region of great physical beauty and awesome topographical variation. Its area embraces important producers of agricultural goods and economies offering new trade horizons to foreign bankers and businessmen. Its people—living in overcrowded capital cities or rural settings out of the last century—incorporate a mixture of races, customs and life styles. Theirs is a territory of fertile valleys, smouldering volcanoes, endless jungles and sometimes terrible confrontations with nature.

Governments range from a model democracy in Costa Rica via the 40-year-old Somoza dynasty in Nicaragua to a dictatorship in Panama headed by an amicable autocrat with a sense of humour. The political panorama on the whole, however, is grim in some countries.

Terrorism from the Right and Left forms a regular part of the political scene, and bloody clashes between police, peasants and students are common. Violations of human rights in Guatemala, El Salvador and Nicaragua have occurred with great frequency as governments there seek to suppress legitimate dissent, put down demonstrations or become overzealous in their efforts to stamp out violent anti-government groups.

The only country in Central America (excluding Belize) where regular free elections are held is Costa Rica. In Guatemala and El Salvador, where citizens *ostensibly* can exercise the right to choose their leaders, opposition groups labelled the most recent elections as frauds.

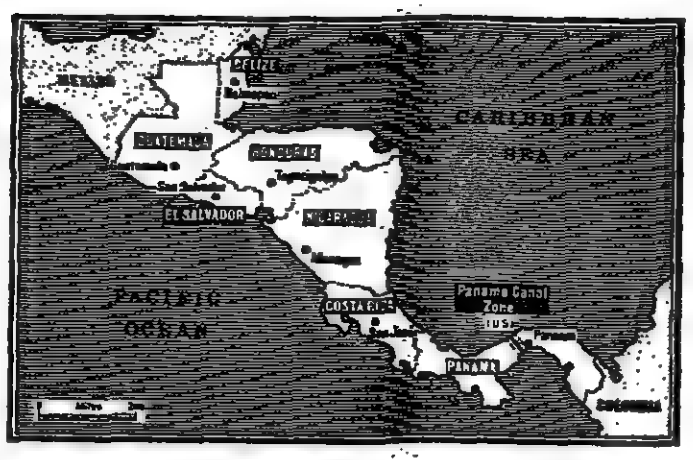
Military men are the Presidents or Chiefs of State in Panama, Nicaragua, Honduras, Guatemala and El Salvador, although each government permits varying degrees of Press, personal and political freedom. Some political reforms are taking shape in Panama, Honduras and Nicaragua, but it remains to be seen whether real changes will be permitted in the existing systems.

Poverty

Despite several instances of vigorous economic growth, and regular attempts to improve social conditions, millions of Central Americans suffer from varying degrees of poverty and underemployment, and from great inadequacies in housing and basic services. The ever-present problems of indigence are exacerbated in the region by a population growth rate that hovers arolund 3 per cent.

Central American economies rely principally on exports of agricultural goods—especially coffee, bananas and cotton—and their fates are therefore highly dependent on imponderables like the weather and international commodity prices. The U.S. is the most important trade partner of all of them, followed by regional customers, the European Common Market, Japan and other countries.

The region's main effort at economic integration took shape in the Central American Common Market (CACM), composed of Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. The market was good for boosting intraregional trade but did not produce results in terms of linking economic development among members.



The market's effectiveness has been seriously impaired, though, since long-standing border differences between Honduras and El Salvador erupted into a four-day war in 1969. El Salvador, the most densely populated country in the area, invaded Honduras with the hope of expanding into under-populated Honduran territory. The countries still have not renewed diplomatic or commercial ties, and view each other with varying levels of suspicion and disdain. Both recently took steps formally to resolve their differences by means of an outside mediator, but no results are visible yet.

Despite this feud between two members of the market, one of the most effective products of the integration movement has emerged in the form of the Central American Bank for Economic Integration (CABEI). CABEI, which is based in Tegucigalpa, uses funds supplied by member States and international organisations to finance a broad spectrum of regional development projects. The bank, whose officers are drawn from all member countries, makes loans to Honduras, El Salvador, Costa Rica, Guatemala and Nicaragua without discrimination.

Since 1961 CABEI has granted over $899m in credits for public and private projects.

Compared to Latin American giants like Mexico, Brazil and Argentina, Central America—with a combined population of just over 19m—is small fry. Despite this limitation, and the fact that some countries in the region stand very low on the development ladder, Central American nations are pushing ahead with development programmes and major public and private sector projects requiring substantial financial aid from foreign institutions.

Nations eager to reduce their dependence on costly energy obtained from oil have launched hydro-electric projects valued at hundreds of millions of dollars each. Even the poorest of the Central American States have elaborated ambitious public works programmes. Others are seeking private and public financing not only for public works but for extension of telecommunications systems, new or improved port facilities, expanded agricultural capacity and new lines of export enterprises.

Gamut

These types of priority government projects, finance for State-backed development programmes and budget deficiencies, plus the entire gamut of private sector investment needs, must all be serviced by foreign capital centres. While international financial institutions and foreign aid from the U.S. will supply much of the capital that will be needed over the coming years, it is quite clear that foreign banks and other credit institutions will continue to play a vital role. In one recent example of co-financing that is novel for the region, Bank of America joined the World Bank in supplying the Guatemalan Government with a credit for part of the $360m Chixoy hydro-electric complex. While this kind of effort is not unusual in other parts of the world, it signalled an advance in Central American finance and may indicate a useful trend for future loans.

Other areas that foreign banks may want to look into include crop diversification programmes being advanced by multi-national growers and governments eager to broaden their export potential.

Furthermore, dimensions for new investment in agriculture and agro-business could increase spectacularly if governments and/or private growers in the area begin to implement massive new operations geared toward meeting international market needs that will develop as food shortages occur later in the century.

On a more prosaic front Central America will probably always require outside help for financing agriculture — its economic mainstay—at critical times of the year. Food producers, processors and exporters need extra capital in order to harvest, store and move crops to foreign markets, and local banks cannot meet all of these needs. Beyond straight bank financing some local producers and exporters also receive funding from foreign commodity buyers, especially when long-term relationships have been established.

As in other parts of the world, banking laws in the various Central American republics present a bewildering system of regulations, limitations and unusual requirements. In Nicaragua, for example, all foreign and domestic banks have equal rights. But in Costa Rica only State-owned banks are permitted to accept regular deposits. In El Salvador some foreign banks enjoy more privileges simply because they arrived first. Panama's banking law, in contrast, seems to have been drawn up by bankers.

Myriad

Despite myriad regulations that often make life difficult for foreign bankers, home offices of Bank of London (now known as Lloyds International, a subsidiary of Lloyds Bank) Citibank, Bank of America, Chase Manhattan and other American banks believe that the rewards of doing business on the spot are well worth the trouble. Bank of London and the American institutions are omni-present throughout Central America in one form or another.

One sees an occasional new bank from Spain (Banco Santander and Banco Exterior are two), and traces of Swiss and other European bankers. But beyond Bank of London and the Spanish banks, the European presence is minimal.

Other American banks which operate regularly in Central America outside Panama are First National Bank of Boston, First National of Chicago and Wells Fargo Bank.

International financial institutions, making a range of soft loans available to Central American governments, play a critical role in the region. Without help from these agencies recovery after earthquakes in Nicaragua and Guatemala and a 1974 hurricane in Honduras would have been seriously impeded.

Last year the Inter-American Development Bank made available $423.5m to the six Spanish-speaking Central American States, up from $319.3m in 1976. The World Bank (including IBRD and IDA credits) gave loans to the region totalling $243.7m.

Over the past ten years the Inter-American Bank has granted the region credits amounting to $1.8m, out of a total loan package of $11.9bn. Since 1975 the IDB has been able to make use of a $500m trust fund established by Venezuela to aid neighbouring countries.

In addition, Venezuela has granted Central American States $199m since 1974 in other loans for a variety of development projects. Under a special agreement with Central American leaders Venezuela makes available part of the money spent by regional governments in purchasing Venezuelan oil. The Venezuelan Investment Funds (VIF), a State-owned financial institution, loans the money at around 8 per cent, usually in conjunction with financing from international agencies.

Since 1974 the VIF has approved foreign aid programmes totalling $1.88bn.

CABEI, which obtains funds from its own member nations and from international agencies, approved loans in the 1976-77 fiscal year of $153m for public and private projects, compared with $128m in the previous year.

Total international aid last year to Central American republics (not including U.S. or other government assistance) reached $820m

CABEI receives good marks from foreign bankers, who see it as a reasonably efficient and important instrument of regional finance

COSTA RICA

State-owned but open

COSTA RICA is an unusual Latin American nation for a variety of reasons. With a modern history of regular popular elections, it stands out as a thriving patch of democracy in a jungle of military-dominated governments. Its healthy and well educated middle class belies the stereotype image of Latin American nations wallowing in poverty and ignorance. In 1948 the country's leaders decided Costa Rica had no need to retain one of the principal ingredients in tropical politics—the military. So it abolished the army.

In the same year the Government "nationalised" the country's banking system. But even this seemingly drastic step was carried out in a way which did not wreck the economy or estrange the country from new sources of capital. It was decreed that only State-owned banks could accept deposits, and the government then proceeded to buy out nearly all the existing private banks.

Today Costa Rica still retains a nationalised banking system, but it is a system which allows the participation of privately owned domestic and foreign banks. The central bank—Banco Central de Costa Rica—was established in 1950 as tthe sole bank of currency issue, administrator of the country's monetary reserves, advisor and fiscal agent of the State and supervisor of foreign exchange transactions. The central bank also establishes and directs national credit priorities, controls money supply and sets interest rates.

There are four State-owned national banks which function as autonomous institutions, accepting all types of deposits (even dollar deposits) and offering the usual range of banking services. These are the Banco Anglo Costarricense, Banco Nacional de Costa Rica, Banco de Costa Rica and Banco Credito Agricola de Cartago.

Over a period of time these banks have developed specialised activities. Spurred by the Government's desire to provide ample credit facilities for thousands of medium-size farmers and cattlemen (Costa Rica lacks the pattern of large land-holdings so characteristic of other Latin American nations), the Banco Nacional de Costa Rica has channelled its energies into domestic agriculture.

Banco Anglo Costarricense places stress on commercial loans and services, the Banco de Costa Rica works chiefly with industrial credits and the Banco Credito Agricola de Cartago gives piority to housing.

Private banks, prohibited by law from accepting local currency deposits, nonetheless operate using their own capital bases and access to foreign exchange markets. The four privately-owned institutions currently working in Costa Rica are Bank of America, Banco Santander (Spanish), Banco Lyon, and Banco de la Construccion (domestically owned). Banco Latinamericano, a private bank principally controlled by local investors, is now in the process of liquidation.

In addition there is a host of representative offices and finance companies (*financieras*). Representative offices in Costa Rica, according to one foreign banker, "are authorised to do nothing, absolutely nothing." In reality, though, the representative office of a foreign bank will act as a go-between for foreign currency loans, offshore deposits and other services.

Privately owned commercial banks in Costa Rica are obliged by the Government to place most of their commercial loans in productive sectors of the economy, and except for the restriction on local currency deposits are able to engage in all other aspects of banking services. These institutions handle letters of credit, foreign exchange, credit cards, remittances, travellers cheques, letters of acceptance and Eurodollar financing, act as agents for their home banks (in the case of those that are subsidiaries of foreign banks) and arrange Eurodollar deposits.

The *financieras*, also known here as development banks, are both privately and publicly owned. They compete for local currency time deposits (one year or more) and devote themselves mainly to consumer finance—cars, tractors, trade acceptances, etc. But they are quite restricted in their operations: 10 per cent of their deposits must be placed in Government bonds and the rest of the portfolio is split into other economic sectors which are offering a range of interest rates set by the Government.

Development banks are operated by foreign institutions such as First National Bank of Boston, Bank of America, Banco de Londres y Montreal (Lloyds Bank international subsidiary) and the Banque Nationale de Paris. However, local *financieras* owned by First National Bank of Chicago and Chase Manhattan have closed down in recent years. The question for some banks is whether slim profit margins from the relatively small loans granted by *financieras* are worth the trouble.

Bankers say it is still too early to predict whether Costa Rica's new President Rodrigo Carazo Odio, will adopt a more lenient attitude towards foreign and private banking than previous governments. The new chief executive, who took office May 8 last, has created a commission to study the country's banking system in order to find ways in which it can respond better to social and economic needs.

Sr. Carazo, who won the presidency in elections held last February, represents the Unidad (unity) Party and governs by means of a Centre-Right coalition group. He took office this year after eight years of uninterrupted rule by the National Liberation Party (PLN). The PLN had pursued policies characterised by increasing Government intervention in private sector affairs, and by the establishment of a broadly based public welfare system.

Since taking office, President Carazo has underscored his intention to trim down Government spending and promote efficiency in public administration. The Government has run a budget deficit for the past six years, and despite the President's good intentions it will be difficult to reverse the trend. Much Government expenditure — especially in social welfare — is fixed by existing legislation. In addition Sr. Carazo faces a Congress in which his party is in the minority.

Manageable

Costa Rica's economic problems, however, should not be viewed as grave. Inflation, excess Government spending, increasing official debt and unemployment are all at manageable levels. Prospects are good for continued high earnings from agricultural exports, despite the slump in coffee prices from last year's peak. Current account deficits, funded for over a decade by capital inputs, are likely to be covered in the same way over the next few years. And pressures on the colon, whose value vis-a-vis the U.S. dollar has been unchanged since 1975, seems to be under control for the near future.

What bankers certainly are looking at today are the country's growing needs for outside capital in several important areas. Financing of public and private external debt plus new projects being carried out by both sectors will require substantial new infusions of capital from private financial institutions. Although assistance from international financial institutions last year remained at a high level, there is ample room for private foreign sources financing as well. In 1977 Costa Rica received commitments for $61.8m in credits from the Inter American Development Bank (as compared with $33m in 1976), $34.5m from the World Bank ($39m in 1976) and $28m from the Central American Bank for Economic Integration (CABEI).

Like other Central American nations Costa Rica has also been a recipient of considerable sums from the U.S. Agency for International Development, the Export Import Bank of the U.S. and the Venezuelan Investment Fund, an international and domestic finance agency set up by the Venezuelan Government in 1974.

Earlier this year the Inter American Bank lent Costa Rica $60m for construction work and advance design work on two hydro-electric projects, while the World Bank made available $15m for the establishment of an industrial credit fund. The fund, to be called Fodein, will be administered by the Central Bank.

In loans from private institution the Costa Rican Government received a $28m credit in November last year from foreign banks in order to provide part of the finance for three public sector projects. Taking part in the loan were the arranging bank, Guinness Mahon and Co., managing banks Continental Illinois, Canadian Imperial Bank of Commerce and Lloyds Bank International. The loan was for seven years at 1⅞ per cent over Libor for six-month U.S. dollar deposits.

The biggest Government project on the horizon today is the Boruca hydro-electric complex in southern Costa Rica,—a dam with a planned capacity of 760MW. This plant would not be built primarily to supply domestic power needs but rather to provide power for an aluminium processing plant which would begin operations in 1986 and eventually produce 280,000 tonnes of aluminium for export.

The dam itself, the most ambitious project of its type in the country's history, would cost an estimated $500m and the aluminium facility around $616m. Total cost for both facilities is projected at around $1.7bn.

According to current plans only about fifteen per cent of the dam's output would be reserved for the Costa Rican market, with the remainder being used for transforming alumina into aluminium ingots.

The dam would be built for ICE, the Costa Rican electric power institute, and a number of foreign companies are already discussing terms for the construction of the aluminium plant. ICE, is carrying out a number of ambitious projects. It receives high marks from bankers, who praise its high quality technical, administrative and financial staff. One American banker commented: "It's one of the better operated government institutions in the world."

In spite of ICE's excellent reputation, several bankers said they were still waiting for more information on the hydro-electric / aluminium project before making a judgement on its potential profitability. "The dam just won't be feasible without the aluminium plant." A high level foreign banker said. Meanwhile, the Government is pushing ahead with final design preparations for the power complex.

ICE is now completing work on a 157MW hydro-electric development at Arenal. This plant is the first stage in the development of the Lake Arenal watershed. A second project to (be located at Corobici) will rely principally on water discharged by the Arenal dam. ICE reports that the Arenal-Corobici complex will increase the country's generating capacity from 437MW now to 768MW by 1983.

Costa Rica's heavy spending on hydro-electric power parallels trends in other Central American countries as governments turn away from costly imported fuel and thermal power plants. Governments of the region believe that they cannot afford to finance future economic development with thermal energy, and are therefore willing to get into considerable debt now for new hydro-electric installations.

PANAMA

Spectacular growth

PANAMA'S GROWTH as an international banking centre since the start of the decade has been nothing short of spectacular. By June last, there were 86 banks in the country, with five applications for new banking licences under consideration.

An analysis of bank activities given earlier this year by the Government—in which 83 banks were classified—showed that 47 of the total applied themselves to both domestic and offshore business. 25 did offshore exclusively, nine had representative offices and two were government-owned. Since 1970 banking operations have grown at an astounding pace. Between 1970 and 1977 total bank assets quadrupled, rising from $853.6m to $3.7bn. Deposits increased from $420.7m eight years ago to $15.2bn last March. Of this figure $1.2bn are domestic deposits.

Banking, which accounts for more than 6 per cent of Panama's Gross Domestic Product, has been the most dynamic sector of the economy in recent years.

Boost

The presence of a host of foreign banks has given Panama not only access to international capital but has also created employment for around 7,000, 97 per cent of whom are Panamanians. In addition, as the financial community grew and prospered, Panama enjoyed a boost in its international reputation and came to be more attractive as a base for other types of foreign investment.

While most of the banks are American, Britain, Europe, Japan, Brazil, Venezuela, Argentina, Canada and Colombia—to name but a few — are also represented. The government, though, remains interested in broadening the bank community's geographical distribution as much as possible.

The key year in Panama's modern banking history was 1970, when the Government promulgated a banking law which eliminated "pirate" or paper banks and defined regulations for the establishment and functioning of financial institutions. Before the law was introduced there were 247 "banks" operating out of Panama. With the elimination of "pirate" banks the number of authorised banking institutions fell to 20.

What has lured banks' funds from 26 countries to this humid but pleasant city? Among other things Panama's geographical location ranks as a tremendous asset. It is strategically located between North and South America, with access to both the Atlantic and Pacific Oceans. The country, under a Goverment headed by Panamanian strong man General Omar Torrijos, has enjoyed political stability for a decade. Telephone, Telex, air and sea connections to the rest of the world are excellent, and many Panamanians speak English.

Most important, however, are the country's liberal banking rules and unusual currency situation. The Government of Panama allows banks the following advantages:

- *Income tax exemptions for* offshore business;
- No taxes levied on interest from domestic or offshore accounts;
- No limits on interest rates;
- Accounts in any currency are permitted, as well as numbered accounts;
- Foreigners may be employed as long as their number does not exceed 15 per cent of the workforce, and banks may set their own fiscal year.

While Panama's official currency is the balboa, this monetary unit exists only for book-keeping purposes and for coinage. No balboa banknotes are printed, but the Government does coin small change (less than one balboa) which is interchangeable with American coins—at least in the slot machines found all over the city.

The U.S. dollar is the Panamanian unit of exchange. It circulates freely and no controls exist. If a shopkeeper tells a visitor that a pair of shoes costs $25, the bill is paid in U.S. greenbacks and change is returned in the same currency.

Although Panama does not have a central bank, the Banco Nacional de Panama—a wholly-owned autonomous Government agency—operates as a commercial bank and carries out central bank functions at the same time. A National Banking Commission was set up in 1970 to "ensure that the solidity and efficiency of the banking system are maintained so as to promote monetary and credit conditions conducive to the stability and sustained growth of the national economy" and "to strengthen and promote the proper conditions for the development of Panama as an international financial centre." The commission is chaired by the Minister of Planning and Economic Policy and has four representatives of the public sector and three from private banks.

The Commission's regulatory powers include the issue of banking licences, the modification and regulation of reserve requirements, contingency credits, capital requirements and interest rates: the last, though, are allowed to move freely. In addition to other responsibilities, the commission negotiates with banks that are in trouble and can grant special short-term loans.

Three types of licences are issued in Panama. "Type A" requires $1m in paid-up capital and allows a bank to carry out both domestic and offshore business. "Type B" requires $250,000 capital and is valid only for offshore work. A third classification allows foreign banks to operate a representative office only.

While some bankers believe that the regulations for granting bank licences are fine as they stand, others would prefer to see them stiffened up. "Perhaps the $1m minimum capital base should be raised" the head of a major American bank stated. "If a bank wants to come in, let them make a commitment, a worthwhile investment rather than a token payment."

Virtually every banker I interviewed, however, was optimistic about the industry's future and pleased with profits. "Competition is a little stiff for domestic business," an American bank executive said, "but offshore trade has been active. The Government has demonstrated a very positive attitude toward U.S. and other foreign investment in general. And with the Canal treaties out of the way, we don't have to worry about anti-American disturbances."

Fears about violent reactions here if the Panama Canal treaties had not been approved by the U.S. Senate have been put to rest, at least temporarily. But problems could occur on the political scene as Gen. Torrijos moves to permit more political freedom.

Ironically, it was the Torrijos Government — which includes some Communists in middle level jobs — that opened the doors to international banks in Panama. However, the General has clearly adopted a policy in favour of foreign enterprise and knows that, at least for now, his "house Communists" will follow Government policy in return for access to limited amounts of power.

Panama's economy, which showed consistently high growth rates between 1960 and 1973, is presently attempting to recover from a recession that has left it with an inflation rate of over 7 per cent, a relatively high external debt ($1.7bn at end-1977), and unemployment hovering around 10 per cent.

The Government has taken a number of measures, though, which seem to be spurring growth after two years of stagnancy. Besides offering ample incentives to domestic and foreign investors, it has adjusted the labour code in order to increase productivity and in 1976 launched an ambitious five-year development plan. This sets out a large number of projects in hydro-electric power, mining, port development, tourism, fishing, and other areas.

Sources

Total costs for this development scheme have been estimated at more than $3.3bn. The Government plans to obtain funds from the following sources: commercial banks (47.1 per cent of the total); international agencies (21.7 per cent); suppliers' credits (15.2 per cent); buyers' credits (6.3 per cent); the Venezuelan Investment Fund (2.9 per cent) and others (6.8 per cent).

A special addition to Panama's banking community is Bladex, the Latin American Export Bank. This new institution, now being formally set up, was founded last year in Cartagena, Colombia, by twenty central banks with the purpose of increasing the flow of funds for Latin America's non-traditional exports. Over 100 Latin American commercial banks and twenty-six of the largest multinational banks are shareholders in Bladex.

The bank will create a rediscount market for Latin American bankers' acceptances and will grant direct medium-term finance. It is expected that it will handle business valued at $896m by 1983.

GUATEMALA

Unruffled strength

OUTBREAKS OF politically motivated violence earlier this year have not noticeably dampened investor enthusiasm in Guatemala's economy, the most important in the Central American region. Despite terrorists acts directed against the Government, a bloody shoot-out between Guatemalan soldiers and peasants that left more than 30 Indians dead, and a state of high political tension before the inauguration of President Fernando Romeo Lucas Garcia, on July 1 last, life continues at a normal pace in this nation of over 6m., tensions have eased considerably since the new Government assumed power last month, and confidence in the Guatemalan economy is high.

In a round of recent interviews both foreign and domestic bankers said that although lower commodity prices this year will clearly reduce the country's income from export items like coffee, sugar and cotton, prospects for sustained economic growth are excellent. In spite of inflation, which rose to a rate of between 13 and 14 per cent last year and constant pressures for wage increases, most of Guatemala's economic indicators were overwhelmingly favourable.

Net foreign exchange reserves at year end were $630m (only recently they rose to a record high of $800m) and Gross Domestic Product grew last year by 13.1 per cent at constant prices. Growth following the devastating earthquake of 1976—which killed an estimated 23,000, injured over 70,000 and left 1m homeless—has been consistently high.

One economist predicted a 7 per cent increase in real GDP this year, with inflation running at around 14 per cent. In 1977 Guatemala almost achieved a balance on its current account, with exports and imports each totalling around $1.14bn.

According to government statistics total official debt at the end of last year was $724.3m, with external obligations amounting to $227.6m.

Central government spending this year is projected at U.S.$942m, up 18 per cent on 1977. Finance from foreign sources will supply about $197m of the total, although this figure is likely to rise.

In addition, the Government—using the abundant resources that began entering the country after the 1976 earthquake—is continuing a broad-based spending programme for projects in water and sewage, communications, roads, schools, housing and health services.

Government development funds are also being made available for small industry, tourism and agriculture. "Part of the country's stimulus for growth came from the earthquake," On economist said. "In spite of the tremendous odds and built-in bureaucratic inefficiency, the Government is generally given credit for doing a good job in directing reconstruction."

As a result, international aid and foreign donations flowed into the country and the Government spent impressive sums of its own resources in reconstruction efforts.

Projects

Standing out among the projects currently being undertaken by the Government is the Chixoy hydroelectric complex, a $360m installation which will generate 300 MW, and is scheduled for completion by 1982. Chixoy, the most important element in Guatemala's integral energy policy, is receiving financing from the World Bank, the Inter-American Development Bank, the Central American Bank for Economic Integration, the Venezuelan Investment Fund, Bank of America and the Government of Guatemala. In a novel arrangement for Central American finance the World Bank asked Bank of America to participate in the funding of the Chixoy project as a co-financier. Chixoy construction work and capital equipment will be supplied by companies from Italy, West Germany, Mexico, Switzerland, Japan, Portugal and the U.S.

In an effort to reduce its costly bill for imported oil, the Government and its National Electrification Institute—INDE—have embarked on an ambitious programme for developing new and cheaper sources of energy. Experts estimate that current national electric generating capacity stands at between 203 MW and 227.8 MW, and that the country will need 3,000 MW of capacity by the year 2000—or 10 times the current level.

INDE lists an impressive number of other projects now under way, including a 90 MW hydroelectric dam at Aguacapa (total cost $100m), a 103 MW thermal power station, geothermal stations, plus transmission lines, substations, rural electrification and other items. Finance for these projects is coming from international financial institutions, private banks and the Governments of Guatemala, El Salvador, Canada and the U.S.

Capital goods and services are being supplied by companies from Mexico, Portugal, West Germany, Guatemala, Venezuela, France, Spain, Italy, the U.S., Belgium and Canada. Other hydro-electric complexes that will cost several hundred million dollars are already on the drawing boards.

The Government is also planning a $55m port expansion on the Atlantic, and has received financing commitments from foreign companies now exploring for oil and building an oil pipeline in the north-east. There was talk under former President Kjell Eugenio Laugerud Garcia of building a giant pipeline across Guatemala — for transhipment of Alaskan crude to the eastern U.S. Critics said the pipeline would not only present potential environmental problems but would create a situation in Guatemala not unlike that of the Panama Canal. The project—estimated to cost around US$800m or more—is officially still under consideration by the Government but no-one here is expecting a positive response on the issue.

One good example of joint financing on a major industrial project is the Exmibal nickel plant, a $224m installation opened last year. Exmibal, owned by the International Nickel Company of Canada and the Hana Mining Co., includes a modern mining and processing operation capable of producing 28m lb of nickel in a high purity nickel sulphide.

Shareholder equity and loans for the project amounted to $118m; US$65m in export credits were obtained from the Export-Import bank of the U.S., Canada's EDC, Britain's ECGD and Norway's Export-Import Agency. The World Bank and the Central American Bank for Economic Integration contributed $21m, while Eurodollar loans totalling $20m came from Irion Bank, Chase Manhattan, Chemical Bank and Bank of America.

Cloud

The Exmibal plan is currently closed for maintenance and is expected to be back in production by October. However, lower world prices for nickel have cast a cloud over the plant's future profit potential.

Foreign bank services in Guatemala include full-service offices run by Bank of London and Montreal (whose name retains "Montreal" since the Government would not permit a change). Bank of America, and representative offices of Citibank, First National Bank of Chicago, First National Bank of Boston and others.

Although the current administration is still shaping its policy in a variety of areas, foreign bankers here are concerned about the possibility of future restrictions. "The Government doesn't welcome foreign banks in Guatemala," one foreign executive said. "It sometimes makes things tough. Local banks are very successful and jealous of foreign competition.

"Foreign banks have enjoyed a high degree of success in Guatemala, and the last government was considering limitations on their sphere of activity."

The Government is now revising the national banking law, and some foreign bankers fear that taxes on their operations may be increased or that restrictions may be placed on offshore loans and the establishment of new banks. Near the end of the Laugerud Administration a Government official pointed out that dollar loans made by foreign banks (not by representative offices) to the Government and the private sector were technically illegal. No action has been taken yet on the matter but bankers are understandably concerned about limitations on their profitable offshore activities.

Despite the high optimism that reigns when most businessmen discuss the economic future of Guatemala, there are important elements in the political and social spheres which could upset the smooth course of development. Widespread poverty and great deficiencies in health, education and sanitation for millions of Guatemalans are far from being conquered. One international organisation says that around half the residents of Guatemala City lack adequate drinking water and sewage lines.

Besides coping with poverty-related problems, Guatemalan authorities must face chronic outbreaks of violence in the provinces as peasants and landholders clash over property claims. Guatemalan peasants, some of whose families have worked the land for generations, regularly encounter difficulties with large landowners, the Government, or both, in disputes over property rights.

Political violence, which used to be a tradition in Guatemala, is still a problem, but activities by Left- and Right-wing extremists have diminished in recent years. (Following the Panzos incident far-Left terrorists blew up a military truck and killed several soldiers in retaliation for the peasant massacre.) The Laugerund Administration, while hardly open to liberal causes, has been given credit for reducing the activities of far-Right para-military groups and assigning responsibility for combating anti-Government outbreaks to duly constituted authorities.

President Lucas Garcia is seen as a moderate in Guatemalan politics, and began his term on a conciliatory note. A major task of his Government will be to insure that Guataemala's moderate Left is not ignored and isolated, and that political polarisation like that occurring in nearby El Salvador does not take root in Guatemala.

HONDURAS

Shaping for expansion

HONDURAS, A country which has come to typify the notion of a "banana republic," is moving into a period of accelerated economic development. Admittedly, the American-owned banana companies are still a vital part of the national economy, the military remain firmly in control of government and the nation is still considered the least developed of the region; but changes are in the offing.

Coffee pulled ahead of bananas last year, as the No. 1 export and the country is actively looking into non-traditional exports such as citrus, vegetables and African palm. The three-year-old Government headed by General Juan Alberto Melgar Castro was ousted in a bloodless coup August 7 last. The Melgar Castro regime had paved the way, however, for elections next year and initiated a number of impressive investment programmes which should alter the image of Honduras as a sleepy, backwater republic.

Formulate

The new Government, headed by General Policarpo Paz Garcia, has had little time to formulate its economic plans, but thus far has indicated that there will be no radical departures from the Melgar Castro line with regard to the country's major development projects. It will be some time, however, before the new Government's overall political and economic plans become clear.

Honduras' banking system—which started over 80 years ago as an agency established to serve the banana companies—now has 22 banks (not counting the central bank). One of these—Banco Atlantida—ranks as one of the largest financial institutions in Central America, with assets last March of 299m lempiras. (The lempira has been tied to the U.S. dollar at the rate of two lempiras a dollar for 45 years.)

Economic performance has been excellent in recent years, with real GNP growing by 6.8 per cent in 1976 and 8.3 per cent last year. Part of this growth is the result of the infusion of capital that began after Hurricane Fifi did serious damage in 1974. The central bank's international reserves at the end of last year were U.S.$148m., compared to $99m in 1976.

Public debt at end-1977 was 1.01 bn lempiras, while external debt was 734.5m Commercial bank assets (as well as those of the entire banking system) have moved steadily upward in recent years, reaching 874m lempiras in 1976, 1.09 bn in 1977 and 1.12 bn at the end of last March. The inflation rate was 8.4 per cent last year, five per cent in 1976.

Sr. Guillermo Bueso, an American - trained economist who is president of the central bank, told the Financial Times that he expected the economy to grow by between 7 and 7½ per cent in the near future. "Investment in Honduras will be on the rise sharply over the next few years," he said, noting that prime areas for Government attention will be hydro-electric prower, agriculture, industry, tourism, forestry and mining.

With ready access to resources from international financial institutions and a very good reputation with foreign banks, the Honduran Government is embarking on an ambitious programme of development projects. One of the most important of these is the El Cajon hydro-electric complex, with costs projected at more than $435m.

The plant, which eventually should be able to generate 500MW, will be used to lessen Honduras' current dependence on thermal power stations and imported oil. Plans call for domestic use of the power plus sales of excess energy to Nicaragua. Financing thus far has been pledged by the World Bank, the Inter-American Development Bank, the Central American Bank for Economic Integration and the Governments of West Germany, Canada and Japan.

There is also the Aguan Valley agricultural and forestry development, to be carried out in stages at a projected cost of $750m. It embraces comprehensive agricultural development of the region, plus the construction of a pulp and paper mill (cost $182m) and two sawmills at $20m each.

Other projects include a $50m cement plant at Piedras Azules and a variety of schemes in tourism, agriculture, small industry, telecommunications and infrastructure.

The Government has been successful in attracting foreign investors over the last few years through its open policy towards foreign capital, but these enterprises have been relatively small. American, Japanese, French, W. German and Israeli companies have invested in Honduras, and domestic investment last year reached a peak of $50m.

Facilities

The Government offers foreign investors the facilities of a free zone at Puerto Cortes on the Caribbean (perhaps the most efficient port in the area), low labour costs, tax incentives and free profit remission. The local currency is eminently stable and freely convertible.

One foreign banker noted that although Honduras is viewed by outsiders "as the backwater of the backwater," his loan portfolio had trebled to nearly $100m in three years and that he had far more work than he could handle. Another banker was equally enthusiastic: "The opportunities for foreign bankers here are incredible. We're very bullish on Honduras and we think things are going to take off for next few years."

In Tegucigalpa, the political and commercial capital, the city's two best hotels are full most of the year. On a recent visit I found the Honduras Maya Hotel packed with businessmen from other Latin American countries, the U.S., and Europe.

San Pedro Sula, located near the headquarters of the major fruit companies, has become the industrial capital of Honduras and is experiencing a period of steady growth and prosperity.

Just recently the British Government reopened its embassy in Honduras, partly to keep an eye on the rapidly expanding commercial possibilities. Britain provides financial and technical aid and currently has six experts in the field working in forestry management and other aspects of agriculture.

Foreign banks have a strong foothold, with the same rights and obligations as domestic banks. The country has no exchange controls and, according to one government official, the central bank registers foreign currency loans only as a matter of bookkeeping.

Chase Manhattan Bank works in Honduras through its holdings in the Banco Atlantida, the nation's largest financial institution.

Citibank currently owns 90 per cent of the Banco de Honduras (assets 159m lempiras) but has asked permission to open a branch bank under its own name and will presumably sell at least part of its equity in Banco de Honduras.

Bank of America (assets 232m lempiras) and Bank of London (assets 86m lempiras) both operate full-service facilities here.

EL SALVADOR

Business amid turmoil

SHOWING UP for a meeting recently at the office of a well-known Salvadoran businessman, a foreign visitor was startled by six heavily-armed men who challenged him as he entered the foyer of the Salvadoran's office. The men, casually dressed and carrying sawn-off shotguns and high calibre pistols, were private bodyguards hired by the Salvadoran. Once the visitor's appointment had been confirmed they allowed him to enter—slightly shaken but otherwise unmolested.

Armed bodyguards and elaborate security measures are commonplace in El Salvador for many Government officials, diplomats and prominent businessmen as a result of a wave of kidnappings in recent years, which have cost victims an estimated U.S.$20m in ransom.

In one recent kidnapping, the family of a Salvadoran industrialist paid U.S.$4m for his release. A group calling itself the Armed Forces of National Resistance kidnapped a Japanese executive on May 17, and has asked for approximately $4m in ransom and the release of 38 political prisoners. The Japanese, Mr. Fujio Matsumoto, has not been heard from for some time.

Fear of kidnapping is but one facet of a long-standing conflict that holds Salvadoran society in its grip. With a population of 4.3m, El Salvador ranks as the most overpopulated nation in Latin America. Geographically, it is the smallest country in the region and wealth is concentrated in the hands of a small group of families. It is estimated that less than 2 per cent of the population owns 57.5 per cent of the land.

For the past 46 years the army has ruled El Salvador and up to now has seen its principal role as that of defending the interests of the privileged class. Although poverty, hunger and malnutrition are real social problems in El Salvador, they seem to receive little attention from authorities.

Even though elections have been held every five years to choose a president, it is widely believed that the military manipulated results in 1972 and 1977 so that victories by Christian Democrat opposition candidates would be blocked. The Salvadoran army created the National Conciliation Party in 1963 to further its own political ambitions. Last year the party's candidate, General Carlos Humberto Romero, was elected to a five-year term as President. His victory, however, was marred by a massive protest that began after the election results were announced. The authorities suppressed the demonstration, killing at least eight people and deporting opposition leaders.

The Government of General Romero had sought to satisfy the demands of both the populist and conservative setcors of Salvadoran society, but late last year yielded to Right-wing pressure to mount a new offensive against "subversion." In November, the "Law to defend and guarantee public order" was adopted, enabling authorities to ban public meetings, break strikes and harass opposition elements.

The law has been widely criticised for allowing the Government to take practically any measures it deems necessary to combat its enemies.

Over the past five years, radical youths have put together at least three Left-wing guerrilla groups which have carried out numerous assassinations, bombings and kidnappings. Up to now, the Government has shown little or no progress in controlling the Left-wing extremists.

However, authorities and Right-wing paramilitary groups have directed their attention toward other elements—peasants, liberal Catholic priests, anti-Government groups—seen as enemies of law and order and sources of Communist "subversion."

Within this increasingly violent environment, foreign and domestic bankers continue to work as usual. There are currently 15 domestic banks in El Salvador, the largest of which are Banco Salvadoreno, Banco Agricola Comercial and Banco de Comercio. In the official sector, the Banco Central de Reservas acts as the country's central bank and also offers some customer services. Other state-owned institutions are the Banco Hipotecario, which does commercial and mortgage banking, and two finance-type companies, Insafi and Figape. The latter institutions are principally involved in medium and long term financing, but also supply savings accounts for the public.

Branches

Four foreign banks operate branches in El Salvador: Bank of London and South America (a Lloyds subsidiary, which opened its doors in 1917), Citibank (operating since the late 1960s), Bank of America (opened in 1976) and a Spanish bank, Banco de Santander y Panama (opened 1978).

Of these, only Bank of London and South America (BOLSA) has a full service branch. BOLSA, which runs a main office and four agencies, was able to avoid limitations on its activities when the banking law was changed during the last decade due to its status as the oldest foreign bank in the country. Citibank is permitted to operate current accounts and accept time deposits (30 days to two years). But Bank of America and Banco de Santander are limited to work in foreign currency and trust accounts.

Local banks are chiefly involved in agricultural loans. The economy is principally agricultural and El Salvador relies almost exclusively on exports from this sector, especially coffee. Locally-owned banks therefore dedicate the bulk of their loan portfolios to coffee growers, millers and exporters, as well as to other agricultural producers.

Foreign bankers, while also supplying credit to farmers, make most of their loans to industries such as metal production, textiles, cigarettes, footwear and fishing. According to Government regulations, 80 per cent of a bank's total loan portfolio must go to clients in the productive sectors of the economy, while a 13 per cent limit is set on loans to commerce and credit for consumer goods.

The central bank registers all foreign loans and sets interest rates on domestic deposits and credits. The unit of currency in El Salvador—the colon—has been pegged at 2.5 to the U.S. dollar since the 1930s.

The Government enforces exchange controls on importers, who are required to obtain a permit from the central bank, and on travellers, who can buy up to $2,000 for trips outside Central America. (Foreign exchange for items such as medical care, education, etc. is permitted beyond the $2,000 limit.)

The private banking sector, which experienced a liquidity crisis at the end of August, 1977, now sees banks competing furiously for deposits. The Government wants to increase private savings, local bankers say, and boosted interest rates in July in order to attract more money to domestic savings accounts.

Bankers here are in disagreement as to whether competition for deposits is too stiff, and if in reality El Salvador has too many banks. One Salvadoran banker said that liquidity is now tightening and some institutions are offering higher-than-legal interest rates for deposits "under the table."

Asinine

"The central bank's attitude is asinine," one local banker commented. "We already have more banks than we need and there are three more applications awaiting central bank approval. The government is afraid to say 'no' because it doesn't want to admit that the economy can't absorb any more banks."

To establish a bank in El Salvador, a minimum capital base of 2.5m colons is required. Total lending may not exceed 12½ times capital plus reserves, with a deduction made for part of property value.

Foreign bankers report that they see no signs of greater Government controls on their operations for the present, but are not sanguine about the appearance of new foreign branches on the scene. "The Government is not clamping down on foreign banks," a bank officer said. "It is maintaining an open attitude toward them."

Bankers here, however, are seriously concerned about the political outlook. While the economy's performance was satisfactory last year and holds the same prospects over the medium term, analysts fear that in the long run increasing polarisation and violence from Right and Left could stunt growth, driving out both domestic and foreign capital. Some analysts were disappointed with the country's economic growth last year (between 5 and 7 per cent in real terms) despite the boom caused by higher coffee prices. They also point to high inflation, virtually no growth in private investment last year and a trend to lower coffee prices.

Nevertheless, the government is pushing ahead with a variety of projects, some of which will require considerable financing from private banks.

- San Lorenzo hydroelectric dam: Total cost to be more than $200m; $90m in complementary financing arranged from Interamerican Development Bank.
- Geothermal power plant: planned for the central part of the country in 1980s.
- Highway construction: Various projects, the most important of which is $100m freeway system for the capital city.
- Container port. Government plans a $35-40m facility at the main port of Acajutla.
- Telecommunications. The national telecommunications administration (ANTEL) expects to spend $60m between 1978-82 on a range of projects, with a high degree of import content. About 70 per cent of total cost expected to be supplied by the World Bank.
- Other outlays in food packaging and processing, health care, agriculture (over $100m investment forseen) and public works.

NICARAGUA

Investment inhibited

"TO AN outsider things look normal. Buses and cars are all over the place, people go to work as usual, stores are open, kids play in the street. But I think most people have this awful sense that things could go wrong at any time, that chaos could take over. But this time it won't be an earthquake."

This statement by a Nicaraguan not long ago captures the feeling held by many living in Nicaragua today. Over the past year this nation of 2.3m, shaken by a massive earthquake six years ago, has been jolted by bloody clashes between civilians and police, a general strike that virtually shut down the capital, a Government-imposed state of sieze and extremist violence perpetrated by both the political Left and Right.

Opposition to the government of General Anastasio Somoza Debayle, whose family has controlled Nicaragua for four decades, turned more aggressive than ever before early this year. In recent weeks more than a dozen people have died during violent confrontations between police and anti-government demonstrators, mostly students. Several Nicaraguan towns mounted anti-Somoza protests that lasted several days at a time, practically declaring themselves in rebellion against the regime.

A range of opposition groups covering all shades of Nicaragua's political spectrum has called for the resignation of President Somoza, whose term of office legally expires in 1981. General Somoza says he will step down only after popular elections are held in 1980 and refuses to give in to opposition demands that he leave office. Backed by the country's only military force—the National Guard—General Somoza clearly possesses the means to put down all but a general rebellion.

The political situation has regrettably deteriorated, polarising to the extent that opposition groups—usually at odds with each other—have essentially united in their demands for the President's ouster.

Vacuum

In the unlikely event that General Somoza were to step down, however, Nicaragua would have no national political figure or organisation ready to fill the vacuum. Meanwhile, rural guerrillas known as the Sandinistas continue to plague the National Guard, and police are faced with unruly student demonstrations in the cities. Clashes between police, students and other demonstrators can easily spread, provoking more bloodshed and violence.

With no relief in sight, Nicaragua's political situation is hardly conducive to generating confidence among private investors. Domestic or foreign. "Business goes on," one banker said, "but if any growth occurs at all this year, it will be minimal." Although Nicaragua's long-term economic prospects are good, the present state of anxiety has thrown a wet blanket on new investment. Private domestic investment this year is expected to be marginal and the construction industry—an important source of employment—will probably remain in the doldrums. Economists predict that little or no economic growth will occur this year despite a record of average GDP increases of around 5 per cent for the past two decades.

Even without the current political crisis the country would nonetheless be confronted by some economic problems. Overspending by the official sector in recent years has produced budget deficits. The waste factor in Government spending is high, capital investment has been low, inflation reached around 13 per cent last year, the overall balance of payments for 1977 was in the red by more than $56m and external debt has risen steeply.

Last year foreign debt was at $820m, compared with $503m in 1974. Debt service as a share of exports is projected to reach around 20 per cent in 1978. The Government, which depends heavily on foreign financing, has asked for a stand-by credit of $50m from the International Monetary Fund (IMF). Representatives of the IMF have already visited Nicaragua but have yet to make public formulas under which the Government would be granted additional funds.

Most likely the IMF is going to seek reductions in Government spending, controls on imports, rescheduling of debts, reduction of foreign borrowing on commercial terms and improvements in the income tax system. Meantime bankers—both domestic and foreign—are simply waiting to see what the IMF asks Nicaragua to do, and how the Somoza Government responds.

One economist pointed out that while business is moving ahead with on-going investment programmes, new projects are developing "at a glacial pace." "We're not turning away good customers," a banker added, "but if someone comes in with a new scheme and wants a loan, it'll have to be unusually sound."

One problem facing bankers here, though, is that the Somoza Administration is eagerly seeking funds, in order to fill the gaps and is apparently not afraid to apply pressure. The bankers' dilemma was summed up by one financial specialist: "When the Government walks in and says 'we want $10m' how do you say no gracefully?"

The Nicaraguan banking system is undergoing a liquidity squeeze at the present, and although bankers say there was no real capital flight last year the "departure" of capital from the country has been occurring at an unhealthy pace.

Over the past two years the Government managed to acquire foreign credits of about $270m, with $120m coming from international financial institutions, $80m (equivalent) from Spain, $10m from Brazil, $8m from the Export Import Bank of the U.S. and $50m from private banks in the U.S. and Canada. Another $58.5m is said to have been provided in loans from a Swiss bank and a credit line from a U.S. bank.

On top of this the Somoza Government obtained a $20m loan from Central American central banks. But one highly placed source said that sister central banks were wary of tying up any more of their Government's funds, especially in long-term commitments to Nicaragua. Sources in the financial community also said that foreign banks had been asked to put together a "club loan" recently for the Government amounting to $40m. A Swiss bank group was also attempting to raise an additional $15m for the Somoza regime.

Earthquake

A U.S. Embassy official in Managua, the capital, stated that while virtually no military aid was being made available to Nicaragua, some Agency for International Development (AID) was still due to Nicaragua for earthquake reconstruction work that would continue during 1979.

In addition, other U.S. foreign aid funds would be paid out to the Government for projects in rural development, health and education. "The idea is not to hit the poor fellow over the head twice," the American official said.

Bankers generally are quite reluctant to make any new capital commitments in either the public or private sectors. One local businessman explained: "If a foreign bank merrily supplies the Somoza Government with more money just so it can cover its losses, the bank could find itself in a difficult situation were an anti-Somoza regime to take over. Any new credits to the Government will have to be for projects that stand on their own, projects with some social utility."

Apparently with these criteria in mind, foreign credit institutions from Canada, Venezuela and Brazil are already negotiating with the Nicaraguan Government for financing the 250-MW Copalar hydroelectric project, whose total cost is estimated at around $500m. Talks on financing for another hydroelectric project, at Brito on the Pacific, an expanded national telephone system and other projects are at various stages of maturity. Costs for the Brito hydroelectric complex are put at $250m.

Despite intermittent periods of political turmoil, Nicaragua's State and private banks showed signs of growth. Total assets of the public and private banks reached 4.99bn cordobas at end 1977, up from 4.4bn in 1976.

The cordoba has been valued at the rate of seven to one U.S. dollar for the past two decades. New loans by commercial banks last year reached 9.5bn cordobas, up from 6.5bn the previous year.

Foreign banks enjoy unusual freedom in this Central American nation since Nicaraguan law does not differentiate between foreign and domestic banks. Profits can be freely remitted and banks can open fixed accounts for dollar deposits (six months and a minimum of $10,000).

Aside from the Central Bank of Nicaragua, which enjoys an excellent reputation among foreign bankers, the Government also owns the Banco Nacional de Nicaragua, which competes with private banks. Among the nation's private banks, the Banco Nicaraguense, The Banco de Nicaragua and the Banco de America rank as important institutions.

Foreign banks with full subsidiaries in Nicaragua are the Bank of London (a Lloyds Bank affiliate), Bank of America and Citibank. Banco Exterior of Spain recently opened an office in Managua and the Banco Ambrosiano of Italy inaugurated an office for offshore business in the Government's free zone. Other foreign banks maintain representative offices or hold shares in local finance companies.

In the Nicaraguan banking system commercial banks chiefly provide short-term finance to industry, commerce and agriculture, while finance companies (financieras) accept long-term deposits at up to 12¼ per cent and lend long term to the above sectors. A savings and loan system also operates to provide property credits.

The Bank of London ranks not only as the oldest foreign bank in Nicaragua but also as the oldest banking institution in the country. In its early days the Lloyds Bank subsidiary served as the country's central bank. It now has eight offices located all over Nicaragua.

Visitors using foreign banks for the first time may be confused when they see two different offices alongside each other, one carrying the name Banco de America and the other Bank of America. While Bank of America is a wholly-owned subsidiary of the California holding company, Banco de America is owned jointly by local investors and the Wells Fargo Bank of the U.S.

This situation came about when Nicaraguan investors registered the name "Banco de America" during talks with Bank of America on establishing a local branch. Bank of America and the local partners to be did not reach an agreement, however, so the Nicaraguans launched "Banco de America." They obtained technical assistance from Wells Fargo and the American bank bought a minority holding in the Nicaraguan venture. Bank of America later set up an office under its own name.

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

CLIVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.	
Index Guide as at August 15, 1978 (Base 100 at 14.1.77)	
Clive Fixed Interest Capital	132.07
Clive Fixed Interest Income	114.65

CORAL INDEX: Close 510-515

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	8.87%

†Address shown under Insurance and Property Bond Table

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg

Alexander Fund	$US7.54		.....	—

Net asset value August 9.

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	119.0	123.0	.....	4.06

Next dealing date August 30.

Gov't Secs. Tst.	100	102	.....	12.00

Next dealing date August 21.

East &Intl.Tst.(C.I.)	120.0	127.0	.....	2.95

Next dealing date August 17.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares		$US1.56	.....	—

Net Asset Value August 10.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US111.83	112.98	.....	7.56

Prices at August 10. Next sub. day August 16.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,906	1,966	-3	7.74

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	47.3	49.7xd	.....	12.00
Unidollar Trust	$US1.94	12.58	+0.14	3.70
Unibond Trust	$US100.57	102.31	.....	8.00

*Subject to fee and withholding taxes

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr1,366	1,499	.....	2.70
Bondselex	Fr11.45	12.05	-2.60	—
Keyselex Int'l	£7.57	8.37	.....	—
Keyselex Europe	£3.92	4.45	.....	3.71
Japan Gth. Fund	$US29.32	31.78	.....	—
Keyselex Japan	£15.92	17.25	.....	—
Cent. Assets Cap.		£135.60	+0.04	.....

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	19.32	9.15	.....	12.00
Gilt Trust (I.o.M.)	103.1	105.8	.....	12.00
Gilt Fnd. Guernsey	£9.50	9.53	.....	12.00

Intl. Govt. Secs. Tst.

First Sterling	£18.24	18.00	.....	—
First Intl.	$186.28	187.19	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest. Lux. F.		1,113	.....	3.24
Guernsey Inc.	64.4	68.1	.....	4.11
Do. Accum.	79.5	84.0	.....	4.11
KB Far East Fd.		$US13.08	.....	1.55
KB Intl. Fund		$US12.32	.....	1.87
KB Japan Fund		$US38.96	+0.78	0.64
K.B. U.S. Gwth. Fd.		$US12.38	.....	0.72
Signet Bermuda		$US5.21	.....	1.73
*Unifonds (DM)	19.40	20.40	.....	8.33

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas.	62.6	65.9	.....	1.27

Next dealing date Sept. 15.

[illegible]

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey. 0534 27441

Jersey Extral. Tst.	186.0	197.0	.....	—

As at July 31. Next sub. day August 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$311.95	.....	2.30
Jardine J'pn. Fd.*	HK$387.81	.....	0.90
Jardine S.E.A.	US$18.02	.....	1.70
Jardine Flem. Int.	HK$11.40	.....	—
Intl. Pac. Secs. (Inc.)	HK$13.45	.....	—
Do. (Accum.)	HK$13.59	.....	—

NAV July 31. *Equivalent US$83.30.
Next sub. August 15.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. July 27	$US1.24	13.18	.....	—
CMT Ltd. July 27	£13.20	13.58	.....	—
Metals Tst. July 20	£11.89	12.15	.....	—
TMT August 11	$US11.30	11.97	.....	—
TMT Ltd. Aug. 11	£11.40	11.69	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US16.78	+0.06	—

NOTES

Prices do not include $ premium, except where indicated ✦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ⊕ Guernsey gross. ⊕ Suspended. ✦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 52¼% (based on US$1.9615 per £1) Conversion factor 0.6872 (0.6483)

CANADIANS

S.E. List Premium 52¼% (based on 2.2578 per £1)

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY

Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.

Telephone: 01-248 8000.

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120

Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730

Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545

Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 294 3748

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57 43

Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848

Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920

Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139

Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East. For further details, please contact: Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	175	−5	Q50c	1.3	24.4
24	15	Rhod'n Corp. 16½p	16½	−½	0.57	7.1	4.6
80	52	Roan Cons. K4	73	−2	—	—	—
186	122	Tanganyika 50p	186	+2	Q10.0	1.2	5.4
90	78	Do. Pref 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	37	−1	†Q7½c	1.4	17.3
17½	10	Zam.Cpr SBD0.24	16½	−½	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
140	64	Bougainville 50 Toea	135	−5	Q8c	1.4	3.7
125	63	BH South 50c	114	−4	—	—	—
820	150	Central Pacific	600	−25	—	—	—
306	148	Conzinc Riotinto 50c	306	+12	Q10c	2.2	2.0
72	45	G.M. Kalgoorlie $1	70	......	—	—	—
62	18	Haoma Gold N.L.	62	+2	—	—	—
140	81	Hampton Areas 5p	134	+2	t3.55	2.0	4.0
40	10	Metals Ex. 50c	25	−2	—	—	—
222	125	M.I.M. Hldgs 50c	222	....	Q9c	1.7	2.5
39	10	Mount Lyell 25c	31	......	—	—	—
6½	1½	Newmetal 10c	5	−½	—	—	—
143	79	North B. Hill 50c	129	−3	Q8c	1.5	3.8
16½	8½	Nth. Kalgurli	15½		—	—	—
48	12	Nth West Mining	44	+2	—	—	—
178	117	Oakbridge $A1	176		†Q11c	1.9	2.9
70	30	Pacific Copper	62	−1	—	—	—
£15½	750	Pancont'l 25c	£14¾		—	—	—
40	12	Paringa M&Ex.5p	27½	+½	—	—	—
554	310	Peko-Wall-end 50c	550	−2	Q15c	4.0	1.7
300	50	Southern Pacific	235		—	—	—
160	84	Western Mining 50c	143	−3	Q3c	♦	‡
70	35	Whim Creek 20c	65		—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	24	+1	2.55	1.6	15.9
415	240	Ayer Hitam $M1	415	......	[illegible]	0.9	‡
60	45	Beralt Tin	58	......	3.83	4.4	10.2
305	200	Berjuntai $M1	300	−5	Q110c	♦	7.0
145	111	Geevor	135xd	....	0.04	♦	5.6
10½	8½	Gold & Base 12½p	10½	......	—	—	—
315	220	Gopeng Cons	315	+5	15.23	0.9	7.3
210	130	Hongkong	210	......	—	—	—
93	78	Idris 10p	88	....	‡12.0	1.6	‡
11	9	Jantar 12½p	9	....	—	—	—
83	68	Kamunting $M0.50	83	+1	2015.5c	0.7	4.0
625	450	Killinghall	625	......	Q125	♦	20.0
470	200	Malay Dredging $M1	470	......	†Q95c	0.8	4.3
78	40	♠Pahang	78	......	[illegible]	0.5	‡
62	50	Pengkalen 10p	62	......	6.60	1.3	15.9
270	165	Petaling $M1	270	......	†Q80c	1.6	6.8
63	49	Saint Piran	63	......	g2.02	4.6	4.8
61	47	South Crofty 10p	59	+1	4.19	2.0	10.6
245	140	South Kinta $M0.50	245	+5	†Q77.8c	1.4	6.8
340	230	Sthn Malayan $M1	340	......	†Q113c	1.1	8.3
240	134	Sungei Besi $M1	240	......	Q65c	♦	5.8
85	55	Supreme Corp. $M1	80	−5	ZQ10c	—	2.7
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	[illegible]	1.6	‡
270	148	Tronoh $M1	270	−15	ZQ88c	1.6	7.0

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	100	−3	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	52	−1½	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	265	−5	‡Q30c	2.6	‡
465	245	Northgate C$1	380	−5	—	—	—
248	164	R.T.Z.	247	−1	9.5	2.8	5.7
90	30	Sabina Inds. C$1	60	−2	—	—	—
£12	750	Tara Expln. $1	890	−10	—	—	—
67	43	Tehidy Minerals 10p	66	......	41.35	♦	3.1
180	120	Yukon Cons. C$1	180	......	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- Unlisted security.
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xe ex capital distribution.

"Recent Issues" and "Rights" Page 27

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv 20p	23½	......	Sheff. Refrshmt.	62	......

IRISH

OPTIONS

3-month Call Rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday August 17 1978

U.S. may ease curb on S. Africa trade

BY BERNARD SIMON — JOHANNESBURG, August 16.

THE U.S. Government has informed American companies operating in South Africa that it is considering softening the embargo it imposed last February on the supply of all U.S. goods and technical data to the South African armed forces and police.

It is believed that Washington may in future be prepared to allow deliveries of certain non-*strategic goods to these bodies.* Items being mentioned include tyres and pharmaceuticals.

The move follows the disclosure that South Africa's *imports from the U.S. have fallen* sharply since the beginning of the year. According to South African trade figures, purchases from the U.S. during the first four months of 1978 totalled R297m, about R77m lower than imports during January-April 1977.

The U.S. Commerce Department is believed to have ordered an investigation into the decline, particularly since imports from South Africa's other chief trading partners—the UK, France, West Germany and Japan—rose *substantially during the period.*

The U.S. embargo has already cost several American companies valuable business, the most recent example being ICL's contract to supply the police with computer equipment valued at about R6m. Two American companies, Burroughs and Sperry Univac, also tendered for the work but had to withdraw after Washington banned deliveries to the police.

Play on fear

The *U.S. Government* has also been reluctant to authorise export permits for equipment destined for South African bodies concerned with the administra*tion of the country's black* population, as well as the atomic energy authorities. Burroughs, for instance, had to withdraw from deals worth R1.5m with Bantu administration boards when it failed to obtain export licences.

Washington has also apparently decided to classify traffic authorities as "police," which means U.S. companies will not be allowed to trade with them. It is uncertain to what extent U.S. companies' non-military business has been affected.

Several non-American companies candidly play on South African customers' fears of being cut off from American supplies to generate business for themselves.

Some U.S. companies concede that this tactic, with general uncertainty about the future of South Africa-U.S. trade relations, has persuaded several South African concerns to switch orders to European and Japanese

Others say they have not been affected. Kodak says it has had no loss of business "because we're American." Mr. Tom Brown, general manager of Burroughs South Africa, declares: "I don't kno wof any deals which have not gone *through* because of anti-American feelings. Some customers ask questions, but we point out that the embargo applies to certain Government *departments* , and not to products."

● This year South Africa has obtained well over $300m in loans, especially from West Germany and Switzerland, with the assistance of British financial institutions, Mr. Leslie Harriman of Nigeria told a UN conference on racism in Geneva. Sir James Murray, the British Ambassador, defended UK links with South Africa.

Quaker stock sale, Page 4

Barrow losses at subsidiary may top £4m

BY CHRISTINE MOIR

BARROW HEPBURN is bracing itself for losses of as much as £4.2m in its Glasgow subsidiary where "serious irregularities" going back several years came *to light late last year.*

At the same time it is taking legal advice as to its rights against third parties involved in the affair.

In its last accounts the leather and chemicals group provided £945,000 against its exposure to the problems at Schrader Mitchell and Weir, its hide-dealing subsidiary, and also called in Glasgow detectives to investigate the possibility of fraud.

At that time the company warned that the true costs could be "very substantially greater."

Now accountants, Whinney Murray, called in to conduct a special investigation, has warned the company that its maximum exposure is likely to be £4.2m *before tax.*

Action

The precise figure will not be known until Whinney Murray finally reports in about another two months.

Yesterday, Mr. Richard Odey, Barrow's chief executive, confirmed that the company was *considering legal action against* both "individuals and groups."

The company did not have adequate insurance against irregularities such as these, *which might involve fraud,* and the management therefore had a responsibility to press for the maximum restitution open to it.

On the basis of the preliminary reports and following two meetings with the Glasgow Fraud Squad, the company now felt it had a possible case.

Partner

Yesterday's revelations accompanied interim figures which excluded results from British Tanners Products. Barrow is now a partner in BTP with the National Enterprise Board.

Because there could be a further £1m write-off on BTP as well as the threat of £3m further losses at Schrader, Barrow has decided not to pay an interim dividend.

Only last May, Professor Roland Smith, the chairman, told the annual meeting that dividends would resume their regular pattern this year after last year's final dividend was missed.

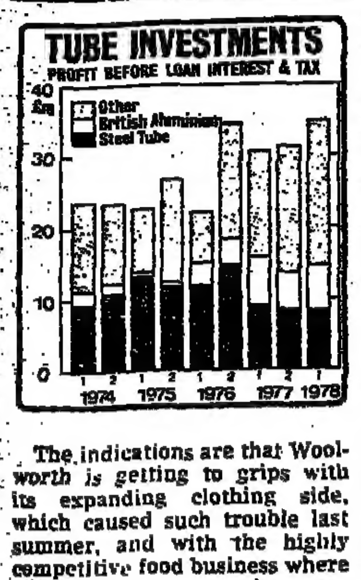
THE LEX COLUMN

Consumer revival aids Tubes

Index fell 1.2 to 510.0

The performance of engineering companies this year is going to depend to a large extent on how close they are to the consumer. The message from Tube Investments, for example, is that there is no sign of any revival in demand from the capital goods sector. So the modest improvement in overall pre-tax profits *from* £27.3m to £31.4m for the first six months can be traced to a sharp improvement in the domestic appliance division, together with the interest saving effect of the rights issue a year ago. For the rest, steel tube remains in the doldrums, except in those sections closely linked to the car industry, while British Aluminium shows little change —though compared to Alcan (UK) this is a good performance—*and among the other* divisions the swings just about cancel out the roundabouts.

After the 25 per cent jump in first half turnover achieved by the domestic appliance division, with pre-interest profits £2.2m higher at £3.3m, a further substantial advance is in pros*pect for the seasonally more* favourable second half. Cycles, too, should pick up after a disappointing first six months when the late 1977 strike left problems in its wake and Nigeria was hit by price controls, now eased. So long as other sectors remain reasonably stable, advances in these areas should allow decent overall growth for the full year, perhaps to the £65m pre-tax region, against £55.2m. The danger remains, though, of further industrial troubles, like the Desford shutdown which affected steel tube profits in the first half: some group companies are already starting Stage 4 negotiations. As for the shares, up 8p to a new 1978 peak of 420p, main appeal con*tinues to lie in the generous* yield—prospectively of 8.5 per cent.



The indications are that Wool*worth is* getting to grips with its expanding clothing side, which caused such trouble last summer, and with the highly competitive food business where another 40 or 50 outlets may disappear this year. Yet this is against the background of a favourable retail environment, and a profits rise from £46.8m to, say, £55m or a bit more this year would not mean that the long term problems had been solved. The yield is 8.9 per cent, *covered over* 1½ times by prospective earnings.

Woolworth

Woolworth's pre-tax profits are 37 per cent higher in the three months to July, which *only represents a recovery from* a dismal period last year. And a sales gain of under 15 per cent is probably a shade below the retail average.

However, the rise in *half-year* profits from £10.9m to £12.6m is ahead of budget, and comes after a number of specific cost increases recently. Pension contributions have gone up, there are double running costs on a new distribution system, and annual spending on the stores *is up from about £15m to £18m.*

Lofs

Only a couple of months ago London and Overseas Freighters was saying that a £5.2m interim compensation payment for the nationalisation of its Austin and Pickersgill shipbuilding subsidiary was "but a fraction of the total figure we are looking for." For all that, it should be *well pleased with the £14m total* compensation it has secured.

Given that Lofs lost £4m last year, passed its dividend, and faces a pretty uncertain future in the tanker market, the authorities could possibly have screwed tighter terms. As it is Lofs has only received £1m less than Swan Hunter even though the latter's interests were making roughly three times as much as A and P back in 1973-74 — which is supposed to be the relevant period on which compensation is based. Admittedly, A and P has been one of the most successful (and profitable) *UK shipyards subsequently,* but even so the agreed compensation looks fairly generous when looked at in the context of the group's current market capitalisation of just under £10m. The shares should open above their 30p suspension price when dealings start this morning.

At the end of March Lofs had liquid resources of £13m (*including* the compensation stock), to which must be added another £5m, say, from ship sales. Meanwhile, the balance of the compensation due (£8.5m) roughly cancels out the £9m of loan repayments and interest due this year. Lofs has to repay another £24m of loans *over the next few years,* but it is far more comfortably placed than it was a month ago when it announced it had applied for a loan moratorium.

Philips

Philips's second quarter *figures have turned out* to be a lot better than those for January-March, and were promising enough to send the share price *up by* a guilder to Fl 26.5 yesterday. Sales were up by 11 per cent on those for the first three months and earnings rose from 1.9 per cent of turnover to 2.4 per cent. Also, the half year figures were an improvement on the management's very subdued predictions in the 1977 *annual report.* Sales were up 10 per cent by volume and 7 per cent in guilders (the strength of the Dutch currency remains a problem for Philips) whereas the company had been looking in April for an increase in cash sales for the year of only 2-3 per cent. The manage*ment remains* reserved about profit prospects however. Half year trading profits are down by 6 per cent and earnings are only sustained by a tax adjustment and by a healthy contribution from a joint venture with Matsushita.

UDT

After adding back £5.5m of South African provisions and £3.0m for Australia, UDT's pre-tax profits of £17m (against £12.2m) do not look too bad especially since last year's moneyspinner, the International Commodities Clearing House, chipped in £2m less. However, after taxation, preference dividends and £4.9m of extraordinary items, UDT's retained profits only crept up from £0.5m to £2.2m which shows why the group is still not paying an ordinary dividend.

The group now seems to have cleaned up most of its overseas problems and the UK instalment credit operation has been surging ahead. However, the recent rise in interest rates will put a brake on progress on this score, and the group is still having to rely on the "lifeboat" *for close to £300m of funds.*

Sharp fall in Japanese current account surplus

BY ROBERT WOOD — TOKYO, August 16.

JAPAN'S TRADE and current account surpluses fell in July, according to figures released today.

After seasonal adjustment the decline was quite substantial, leaving Japan's basic balance—the current account surplus less the country's long-term capital deficit—almost in equilibrium.

Japan showed a current account surplus of $2.05bn in July, down from $2.35bn in June. Her trade surplus was $2.7bn compared with $2.9bn the previous month.

The deficit on invisibles was up slightly at $650m, while the long-term capital deficit rose to $1.40bn—just below the record $1.42bn *set in May. June's long-*term capital deficit was $1.04bn.

Japan's basic balance thus showed a surplus of $650m before seasonal adjustment in July.

The current surplus and the trade surplus were each 32 per cent higher than in July last year, but the increases were due entirely to price changes caused by the higher Yen.

Volume indices compiled by the Japanese Ministry of Finance showed exports down 8 per cent and imports up 4.3 per cent compared with levels a year earlier.

Seasonally adjusted, the current account surplus was $1.5m and the trade surplus $2.1bn. Seasonally adjusted imports showed a larger increase than *unadjusted imports* because imports of food and non-ferrous metals are normally slow in July, the Finance Ministry said.

On a seasonally adjusted basis, the surplus on Japan's basic balance was only $94m.

The generally stable trade statistics concealed considerable variations from country to country. Customs clearance figures released earlier this week showed that the U.S. trade deficit with Japan was nearly constant at the levels of the previous year, while Western Europe's declined sharply as Japanese exports fell and imports rose.

The UK showed one of the best performances, according to the Japanese figures, with an export rise of 23.5 per cent in yen terms and 61 per cent in dollar terms. Japanese exports to the UK fell 15 per cent in yen terms.

Japanese figures have consistently showed Britain as an outstanding export performer this year. For the first six months of this year, Japanese statistics showed imports from Britain up 39 per cent. Britis hstatistics, though, put the rise in exports to Japan at only 14 per cent.

Neither Japanese nor British officials claim to be able to explain the discrepancy, but a partial cause is that Japanese statistics include non-monetary gold, while British statistics exclude this.

Toolroom workers threaten strikes

BY ALAN PIKE AND ARTHUR SMITH

TWO GROUPS of skilled workers whose disputes caused serious disruption in the motor industry last year, yesterday threatened further trouble.

Lucas toolroom workers, who staged a 10-week stoppage last year, voted in Birmingham yesterday to stage a series of selective strikes from next Wednesday.

At the centre of the dispute is a productivity scheme devised in September to halt the last strike. The men claim that the company wants to replace the scheme, which could yield up to £8 a week, with a flat rate £3 payment.

After the strike vote by about 1,000 men, Mr. Ron Morris, the Lucas union's tool group secretary, said: "The company has reneged on its agreement. We are hoping they will see sense *before nxt Wednesday.*

Also in Birmingham yesterday leaders of the BL toolmakers who caused a crippling strike in the company's car factories last year, *called a meeting of* their 60-strong committee for September 2 to decide the next step in their fight for separate bargaining rights.

Their leader, Mr. Roy Fraser, warned that they would have to consider further industrial action and said he hoped for a "positive resolution" from the September meeting.

"We have explored all the avenues and it appears we have only one option left," he said.

A further blow to peace in the motor industry was delivered yesterday when shop stewards representing 1,500 machine operators at BL's Bathgate, Scotland, truck and tractor factory rejected an instruction from the Amalgamated Union of Engineering Workers executive to end a strike which has halted all production.

The men are demanding extra pay for operating new machinery but the AUEW executive decided that under the terms of their agreement with the company they should do the work.

Mr. Gavin Laird, executive member for Scotland, said after the shop stewards' decision that the company would not negotiate while the strike, now in its second week, continued. It is *possible the shop stewards will* report the executive instruction to a mass meeting.

● Mr. Moss Evans, general secretary of the Transport and General Workers Union, told foreign journalists in London yesterday that his union would be willing to back BL if the state-financed company decided *to make a bid for Chrysler's* European operations. The Government, he said, should not be forced to welcome the Peugeot-Citroen offer for *Chrysler simply because there* were no alternatives.

BL pay hopes, Page 8

£14m compensation for ship company

BY JAMES BARTHOLOMEW

LONDON AND OVERSEAS FREIGHTERS is to receive £14m for its nationalised shipbuilding subsidiary, Austin and Pickersgill, it was announced yesterday, a day after Hawker Siddeley agreed £60m compensation for its two aerospace subsidiaries.

Mr. Stanley Sedgwick, managing director, said he was satisfied with the compensation given the constraints of the Act.

Under the Aircraft and Shipbuilding Industries Act, 1977, the compensation paid depends on the notional stock market value of the business in the six months ending February, 1974. Austin and Pickersgill has fared much better than most shipbuilders since 1974.

The Government has settled with three of the 15 groups whose unquoted interests have been *nationalised — the third* being Swan Hunter in July—and is negotiating with most of the remainder.

Interest now is focused on British Aircraft Corporation which was owned jointly by GEC and Vickers.

Vickers said last night that negotiations had started but were particularly difficult in relation to the corporation, whose profits had increased substantially since 1974.

Vickers' shares rose 5p to 195p *yesterday and other companies* with settlements to come also gained ground. Yarrow rose 15p to 290p and Vosper 18p to 208p.

Payment of the compensation will be particularly welcome for London and Overseas, which made a loss of £4m in 1977 and stopped paying dividends. The annual report stated: "The cash generated b ythe fleet was an insignificant sum compared with attributable outgoings. The result was that the group's cash resources, standing at £8.58m at the end of the financial year, were *£8.74m* less than at the beginning."

The company has been seeking agreement with its bankers for the deferment of loan repay*ments* with the guarantee of the Swedish and UK Governments.

Thes moratoria on debts are still being sought, Mr. Sedgwick said yesterday, although possibly on an amended basis after the compensation settlement.

London and Overseas has received £5.5m of the £14m by way of payments on account.

Walker joins Tory team for campaign tours

BY RICHARD EVANS, LOBBY EDITOR

MR. PETER WALKER, one of the last senior moderate Conservatives kept out in the cold by Mrs. Thatcher, is to undertake an official speaking tour during the forthcoming general election campaign.

The invitation from the Conservative campaign committee, which has been accepted, confirms recent speculation of a reconciliation with Mrs. Thatcher and increases the prospect of Mr. Walker's return to a senior Government post should the Tories win the election.

Mr. Walker, former Industry and Environment Secretary, and Mr. Heath will be the only two Tories outside the present front bench who will undertake official campaign tours. Mr. Walker, MP for Worcester, will have no specific role but will *fulfil an arduous series of* engagements in marginals in Scotland and throughout England.

News of the invitation will come as a relief to many *moderate Tories* who believe that the influence of Mr. Heath and Mr. Walker could balance the effect of some of the more Right-wing shadow Ministers in *what promises to be* a highly aggressive campaign.

Mr. Walker, Mr. Heath's campaign manager in the leadership contest with Mrs. *Thatcher in February* 1975, has wanted to return to the Tory front bench for some time, but he has continued to take an independent and *trenchant line in* his speeches, and it is only recently that Mrs. Thatcher's suspicions of his attitude have waned.

Nevertheless, Mr. Walker is *known to be unhappy about* a number of recent Tory policy developments, particularly the emphasis being placed on law and order and cutting back *coloured immigration. Should* these issues become prominent in the campaign his official status could be an embarrassment.

Continued from Page 1

President Carter holds talks

committee, urged the Administration not to be panicked into intervention,

But the Administration it seems has become aware of the dangers that the falling dollar —which make imports more expensive—now poses to its attempt to curb the rising inflation rate.

Inflation for the first half of 1978 was running at an annual rate of 10.4 per cent.

At *the same time,* the trade deficit, which was $16.5bn in the first six months of this year, is running now at an annual rate well above the $26.5bn recorded in 1977.

The Administration feels that foreign oil imports have been a big cause, and it cannot be ruled out that it plans to impose a surcharge on oil imports.

The *Administration's difficulty* is that the dollar's decline is fast becoming a crisis of political leadership as far as the foreign exchange markets are concerned.

Foreign opinion is increasingly alarmed at the rate of U.S. inflation and the Carter Administration's apparent inability to produce a credible response.

The President has ruled out wage and price controls of the Nixon variety but has failed to win the acquiescence of organised labour in a policy of pay restraint.

Indeed, relations with the American federation of labour -congress of industrial organisations have deteriorated badly *in the past week or so with Mr.* George Meany, federation president, *making no secret* of his lack of confidence in the President.

*In addition, the lack of con*cern from Congress is alarming the markets. Influential voices have not been raised on matters which might have reassured *foreign opinion, such as saying,* for example, that the projected 1979 budget deficit ought to be radically reduced.

At the same time, however, the *President is seen to be in per*petual difficulties in piloting his policies through Congress from energy to tax legislation.

The dollar's recent problems have been deepneed by a weakening of confidence in Mr. Miller. His statement at the beginning of the month that interest rates may be peaking towards the end of the year was seen as the adoption of a more benign view on inflation and as *possibly weakening one of the* props which has helped the dollar through the spring and summer: the differential between U.S. and *foreign* interest rates.

Most economists think there is no immediate solution to the host of problems which are weakening the dollar and that pending a much tougher Government action the Fed must increase interest rates and, in the process, reduce the supply of U.S. bank reserves.

This would cut the rate of econmic growth and inflationary pressures in the economy, it is claimed.

Traders believe that the Fed funds rate, the economy's key short-term rate, was boosted yesterday from 7 per cent to *8 per* but this is thought to be insignificant in terms of what is required.

Within the next day or two the Fed is expected to raise the discount rate on borrowings by member banks in a further attempt to assure the world that monetary policy will not be too lax.

Weather

UK TODAY

DRY, occasional rain in NW.

London, SE, Cent. S England, E Anglia, Midlands

Dry, sunny periods. Max. 23C (73F).

Channel Is., E. Cent. N, NE SW England, Wales Borders, Edinburgh, Dundee, Aberdeen, Highlands, NE Scotland

Dry, sunny periods. Max. 20C (68F).

N Wales, NW England, Lakes, Isle of Man, SW Scotland, Glasgow

Sunny periods, *perhaps rain.* Max. 19C (66F).

Argyll, NW Scotland

Becoming cloudy, rain later. Max. 16C (61F).

Orkney, Shetland

Dry, bright intervals. Max. 15C (59F).

N Ireland

Bright, *becoming* cloudy, rain. Max. 18C (64F).

Outlook: Early rain, sunny intervals.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	F	18	64	Luxemb'g	C	18	64
Athens	S	33	92	Madrid	F	30	86
Bahrain	S	40	104	Manchstr.	R	17	63
Beirut	F	27	81	Melbourne	S	16	61
Belfast	C	14	57	Mexico C.	S	21	70
Belgrade	S	29	84	Milan	F	25	77
Berlin	F	24	75	Montreal	H	27	81
Brmghm.	C	17	63	Moscow	C	16	61
Bristol	C	18	64	Munich	F	22	72
Brussels	F	18	64	Newcastle	R	17	63
Budapest	S	26	79	New York	S	29	84
B. Aires	S	16	61	Oslo	F	20	68
Cairo	S	31	88	Paris	C	20	68
Cardiff	F	18	64	Perth	R	19	66
Chicago	C	22	72	Prague	C	22	72
Cologne	F	19	66	Reykjavik	S	11	52
Copnhgn.	F	22	72	Rio de J'o	C	22	72
Dublin	R	16	61	Rome	F	28	82
Edinburgh	C	17	63	Singapore	C	29	84
Frankfurt	F	23	73	Stockholm	C	30	86
Geneva	C	16	61	Sydney	S	13	55
Glasgow	C	15	59	Tehran	S	32	90
Helsinki	F	17	63	Tel Aviv	S	29	84
H. Kong	S	30	86	Tokyo	C	34	93
Jo'burg	C	24	75	Toronto	C	20	68
Lisbon	S	26	79	Warsaw	C	25	77
London	F	20	68	Zurich	R	16	61

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Isle of Man	C	16	61
Algiers	S	29	84	Istanbul	F	26	79
Biarritz	C	18	64	Jersey	F	19	66
Blackpool	C	15	59	Las Plms.	S	23	73
Bordeaux	S	22	72	Locarno	F	23	73
Boulogne	C	16	61	Malta	F	27	81
Casablnca.	S	24	75	Nairobi	S	22	72
Cape Town	C	14	57	Naples	S	27	81
Corfu	S	29	84	Nice	S	24	75
Dubrovnik	S	27	81	Oporto	C	21	70
Faro	S	28	82	Rhodes	S	27	81
Florence	F	26	79	Salzburg		25	77
Funchal	C	22	72	Tangier	S	23	73
Gibraltar	S	27	81	Tenerife	S	22	72
Guernsey	S	17	63	Tunis	S	31	88
Innsbruck	C	24	75	Venice	S	23	73
Inverness	C	17	63				

C—Cloudy. F—Fair. H—Hazy. R—Rain. S—Sun.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.